



Templeton Global Growth Fund

2016 Annual General Meeting

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Templeton Global Equity Group



All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. To the extent a strategy focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a strategy that invests in a wider variety of countries, regions, industries, sectors or investments.

An Extraordinary Time For Value Investing

The Bubble in “Safe” Assets




Deflation, Reflation and Normalisation

European Recovery

Still a Focus on Financials, Energy and Health Care

What's Going On?

The Death Of Value Investing

Ashvin Bachireddy, Andreessen Horowitz 
Apr. 11, 2013, 5:19 PM  25,183  10



Woe Betide the Value Investor

Jason Hsu, Vivek Viswanathan

THE GLOBE AND MAIL

Q: Enter a term, stock symbol or company name

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Streetwise Economy International Industry News Small Business



Is value investing dead?

IAN MCGUGAN
The Globe and Mail
Published Friday, May 29, 2015 5:00AM EDT
Last updated Friday, May 29, 2015 9:50AM EDT

FINANCIAL TIMES

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SMART MONEY

April 1, 2015 9:05 am

Value investors suffer during steady QE rally

John Authers

ValueWalk

Home About Books VALUE INVESTING Screeners Value Investors

BREAKING NEWS: onal Business Machines Corp. Beats On Earnings, Light On Revenue 52 MIN AGO Where To Look For Outp

These Are Trying Times For Value Investors

By Rupert Hargreaves on April 28, 2015 in Business

Seeking Alpha 

Home Portfolio News Articles

8 Years Of Pain For Value Investors

May 15, 2015 2:41 PM ET | Includes: DVY, HDV, IJS, IVE, IWD, IWN, IWS, PRF, SDY, VBR, VIG, VOE, VTV, VYM



ADVISOR PERSPECTIVES

Tough Times for Classic Value Investors

Institutional Investor

Banking + Capital Markets • Asset Management • Investors

BANKING + CAPITAL MARKETS

NOVEMBER 12, 2008

The Death of Value Investing

Credit crisis reveals weakness in the value discipline.

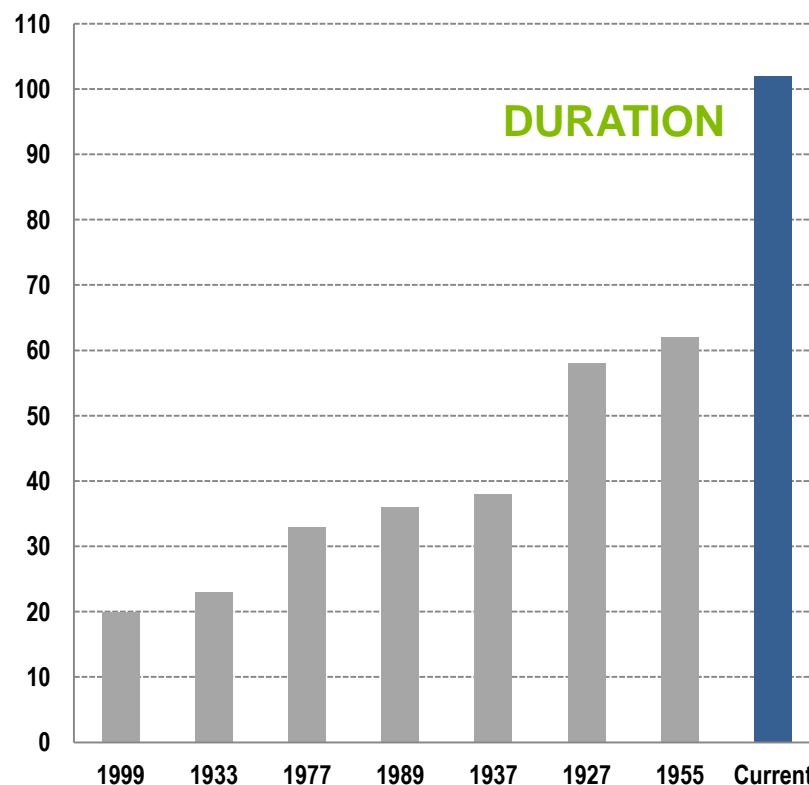
An Unprecedented Dry Spell for Value

Relative Performance Global Value vs. Global Growth¹

31st January, 1985 to 30th September, 2016



Length of Previous Periods: Value Underperforming Growth²



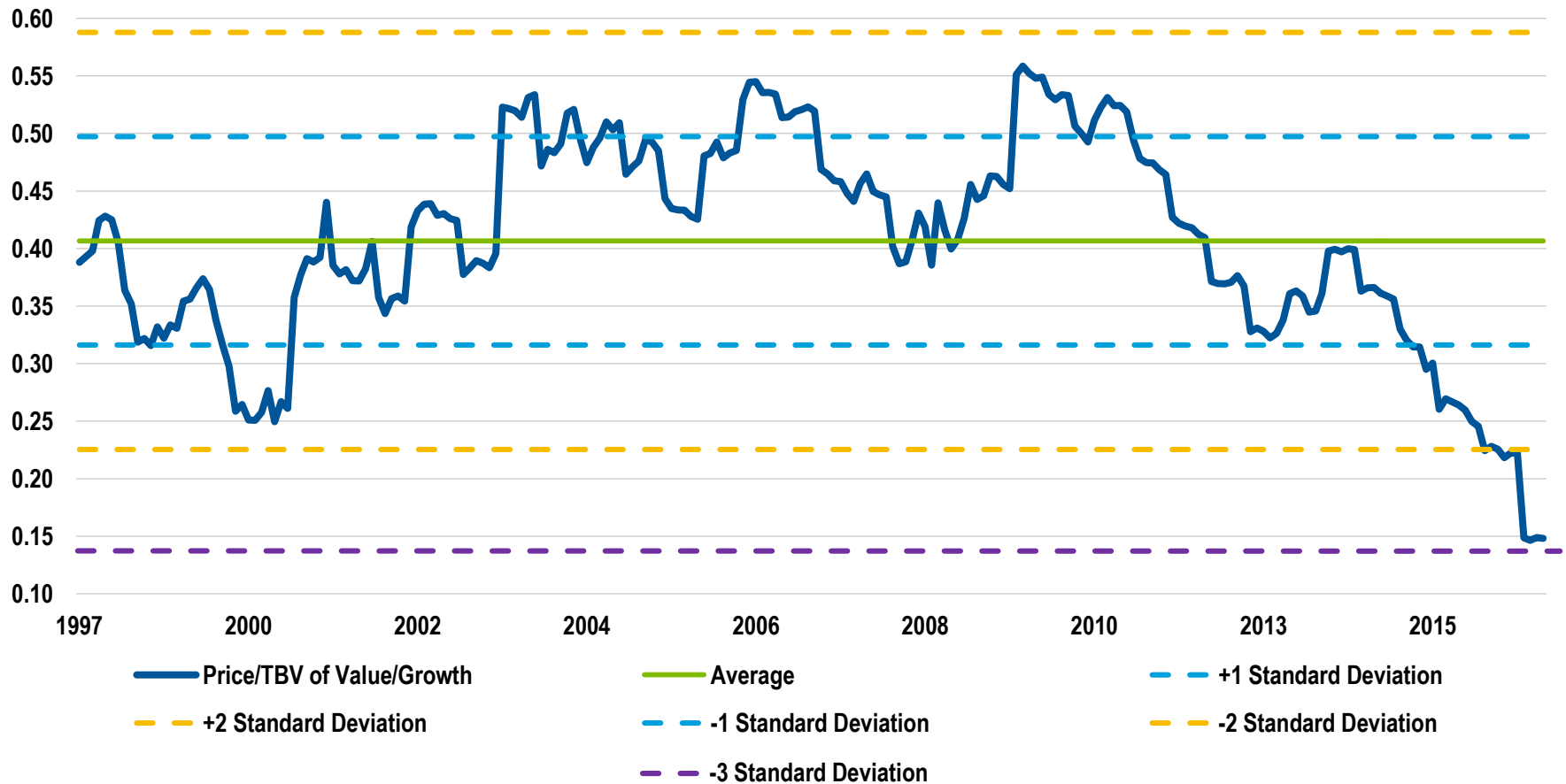
¹ Source: Factset, MSCI. Rolling 10yr annualised excess returns of MSCI World Value Index vs. MSCI World Growth Index. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Important data provider notices and terms available at www.franklintempletondatasources.com

² Source: Fama & French, Kempen Capital Management. US stocks only.

Valuation Gap is Extreme

Price to Tangible Book Value: MSCI World Value vs. MSCI World Growth

31st December, 1997 to 30th September, 2016



Why Has Value Underperformed?

Quality Premium¹

31st Dec, 1989 to 30th Sept, 2016



Growth Premium²

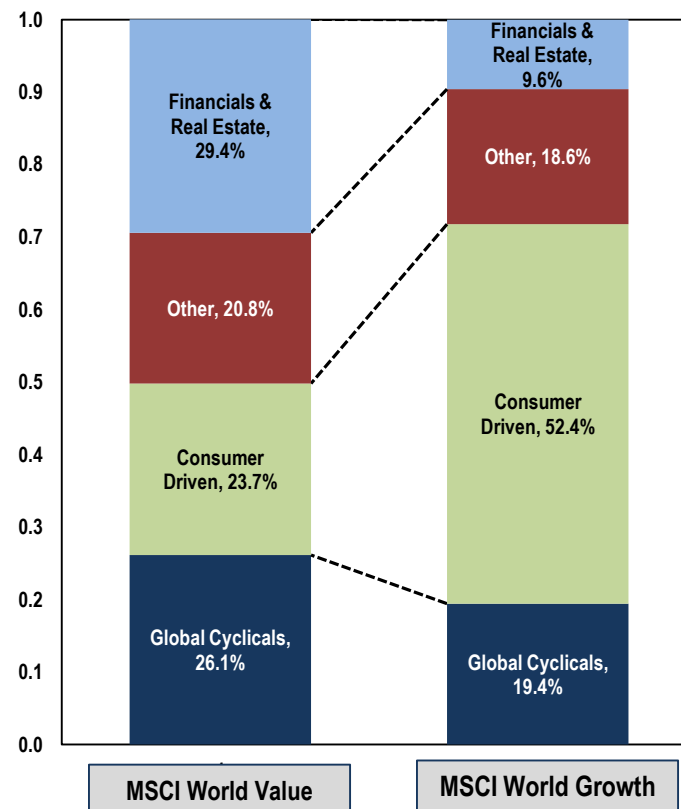
30th Nov, 2005 to 30th Sept, 2016



Financial Repression³

As of 30th September, 2016

MSCI World Value vs. Growth Weightings



* Value is a global equity universe using a combination of P/E, P/B, P/CF and EV/EBITDA to identify those issues trading at the greatest discount to near-term fundamentals.

Quality is a global equity universe screened by Piotroski's F-score, Merton's distance to default and other traditional "quality" metrics.

¹ Source: Societe Generale, Global Quantitative Strategy. Andrew Lapthorne.

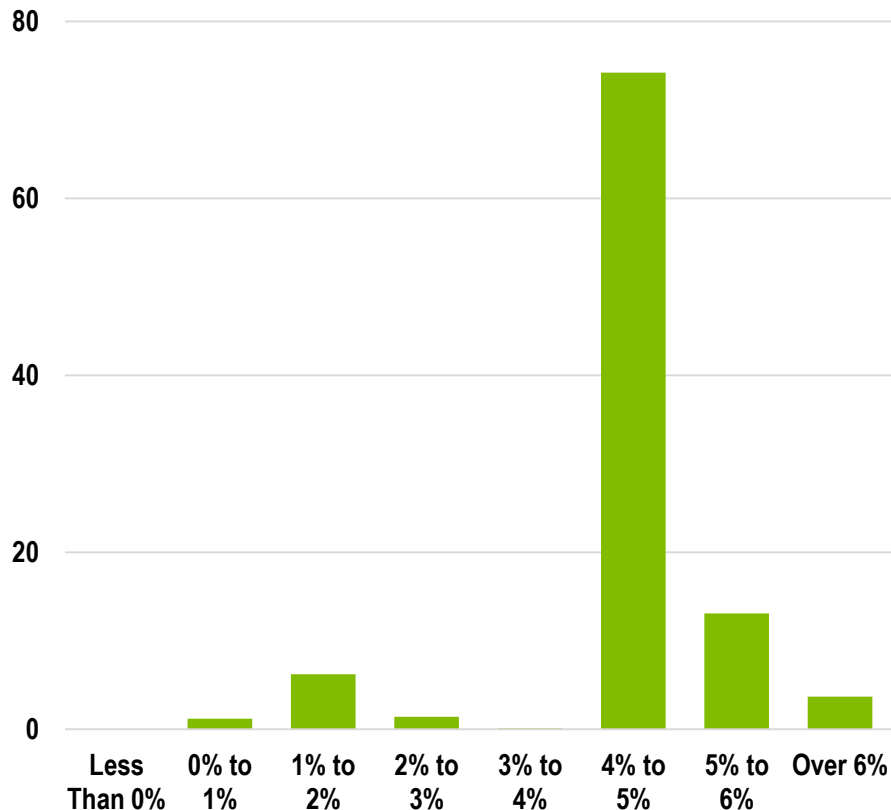
² Source: Datastream, Deutsche Bank.

³ Source: Wolfe Research

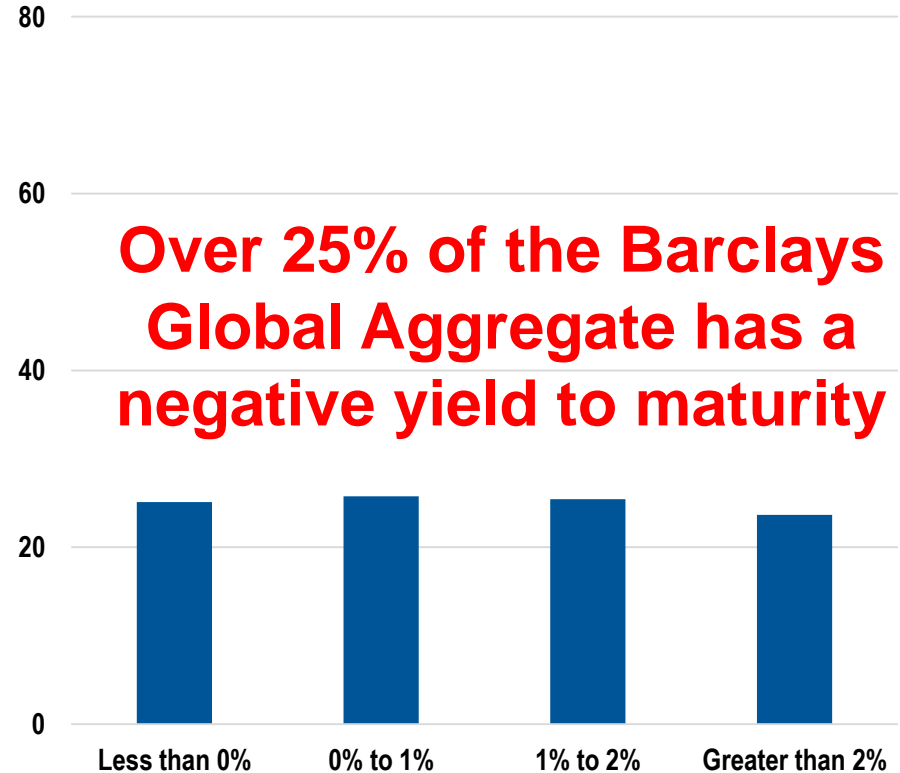
Fixed Income: Then and Now

Barclays Global Aggregate: Yield-to-Maturity as a % of Index 2007 vs 2016

Then: 30th June, 2007



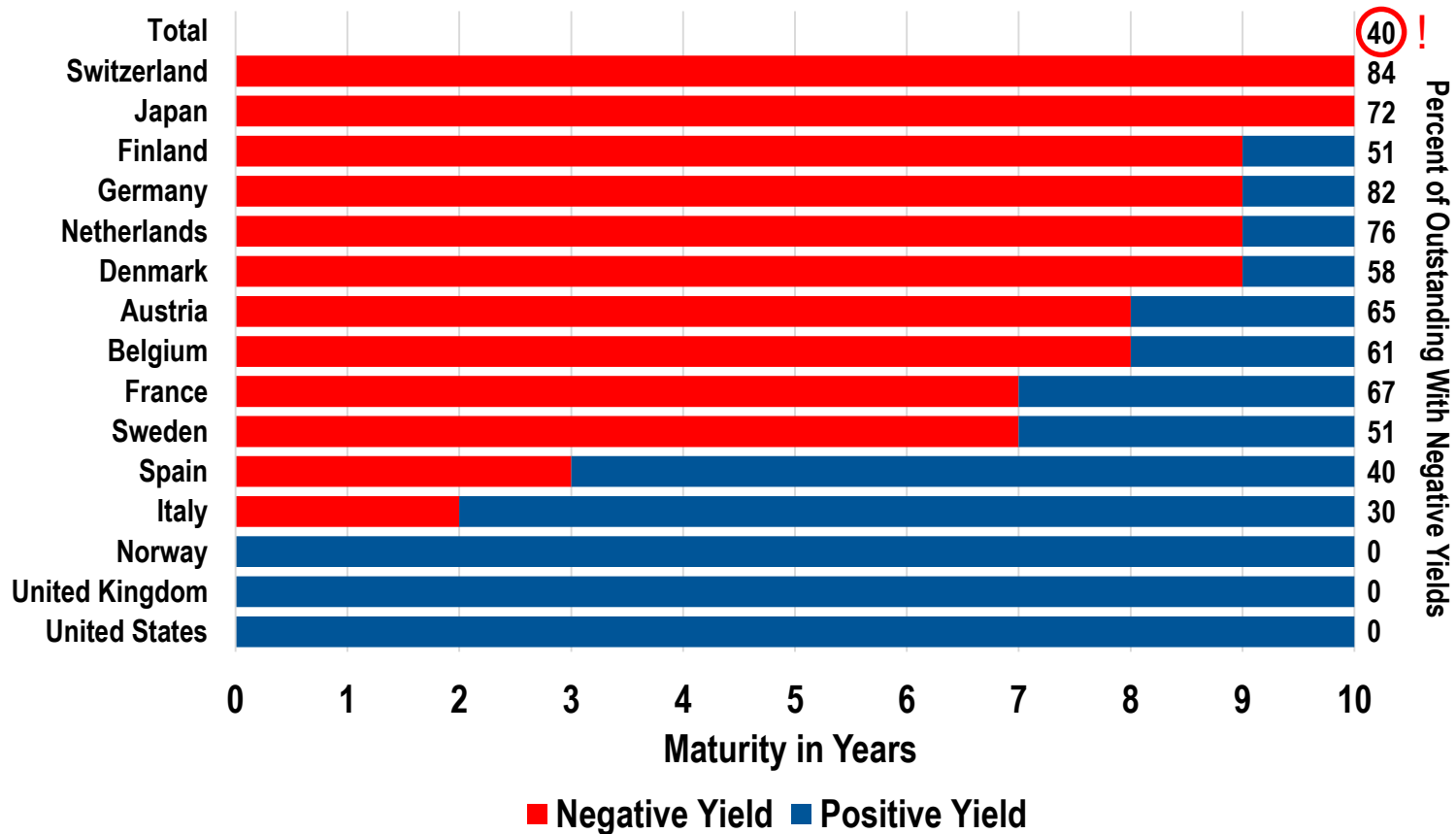
Now: 30th September, 2016



... and Few Have Attractive Returns?

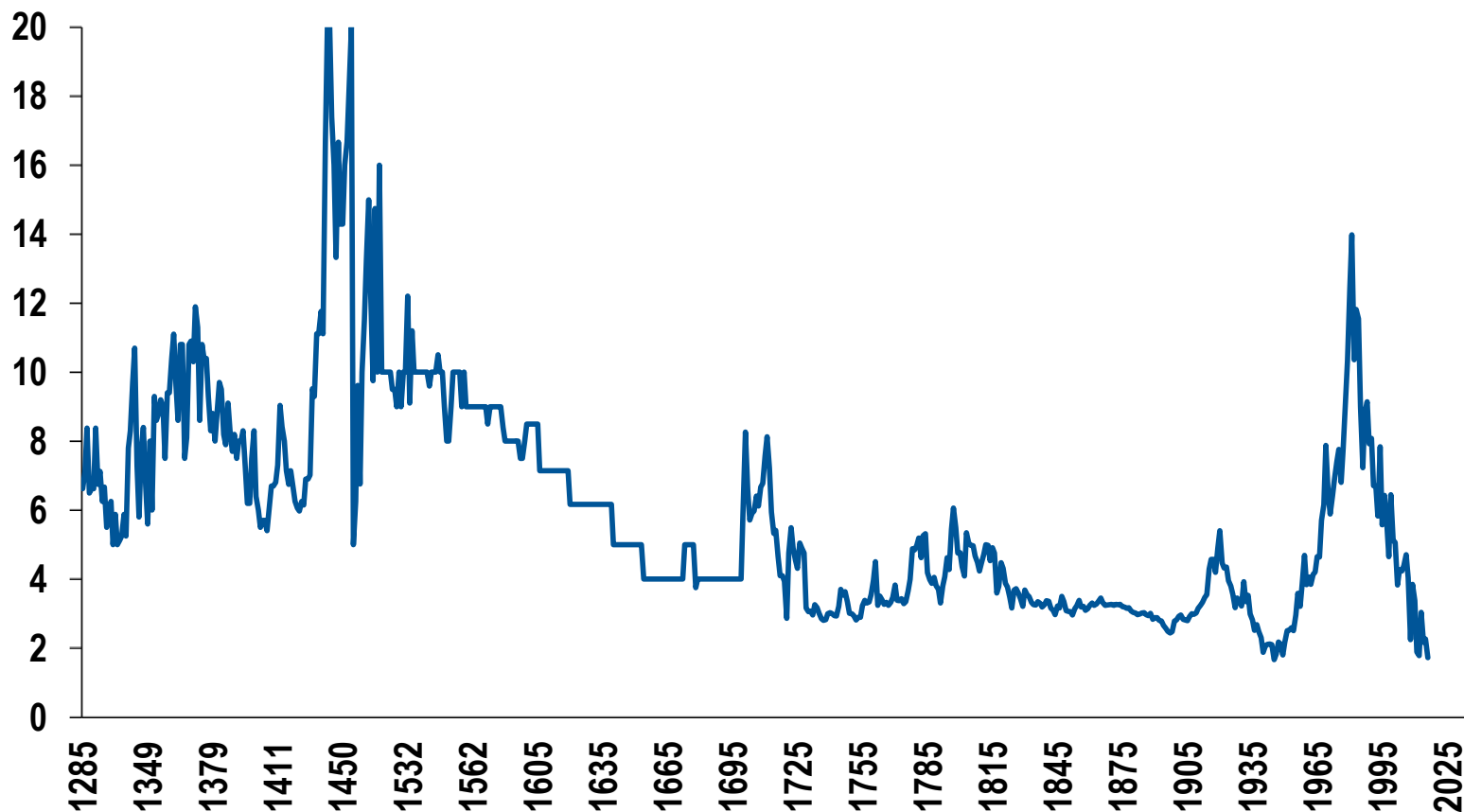
Share of Sovereign Bond Markets With Negative Rates (%)

September, 2016



Government Bond Yields Are The Lowest in Over 700 Years

Global Financial Data: Long-Term Government Bond Yield Index *13th Century to the 21st Century*



Source: BofA Merrill Lynch Global Investment Strategy, Global Financial Data. Data as of 24th October, 2016.

The index uses government bond yields from the leading economic powers of each century to measure the long-term changes in government bond yields.

From 1285 to 1600, Italian bonds are used, 1606 to 1699 Dutch, 1700 to 1918 Britain, 1919 to date United States 10-Year.

A “Bubble” In Safe Assets?

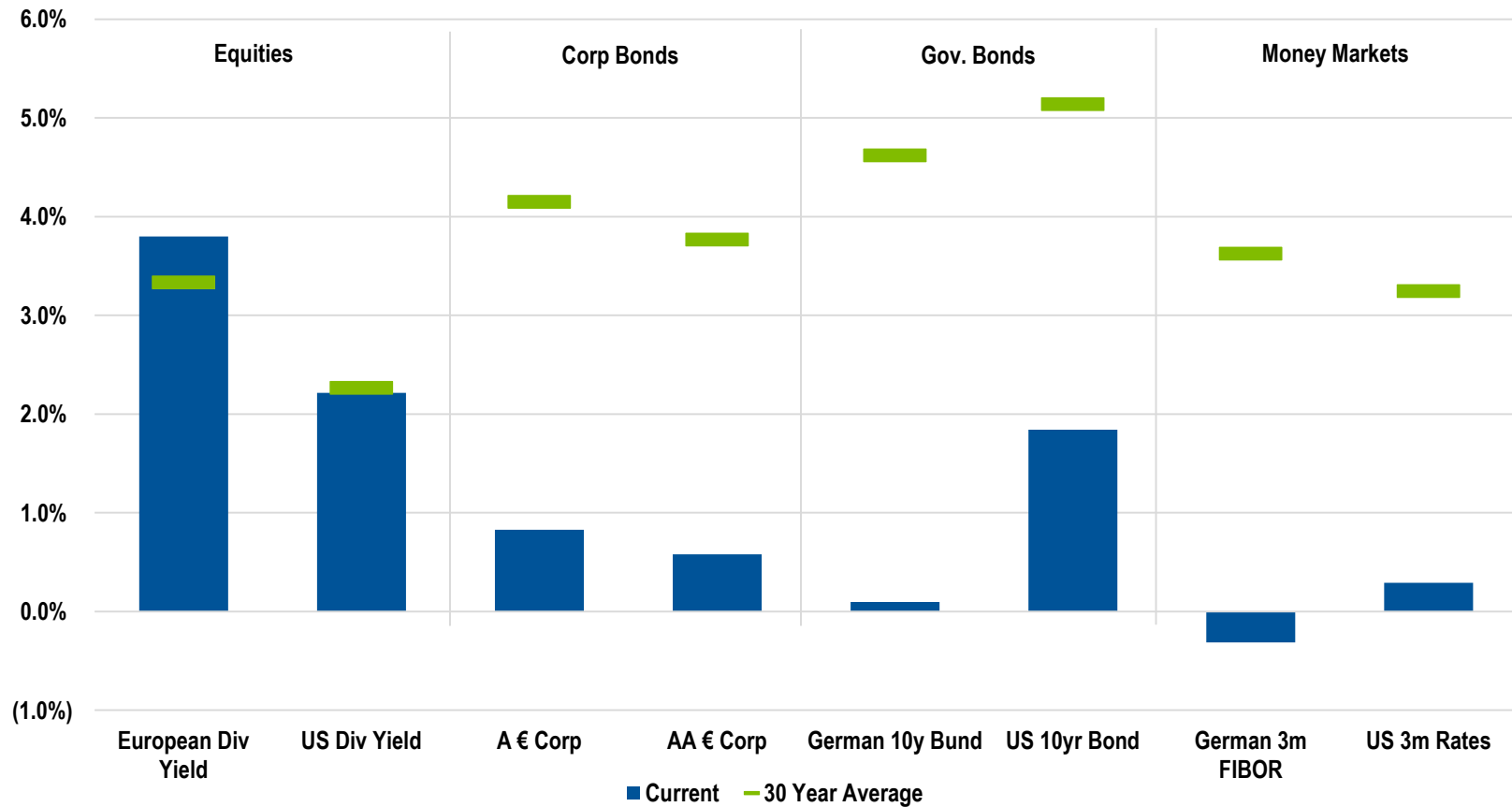
What do you need for a Bubble? According to Citi’s Robert Buckland:

1. A “new paradigm” story
“secular stagnation” ✓
2. Surplus liquidity
Central Bank QE ✓
3. Supply/demand imbalance
The fall of AAA,
GFC driven fear,
accounting driven growth in Liability Driven Investing ✓

A “Bubble” In Safe Assets?

Yields vs. 30 Year Average

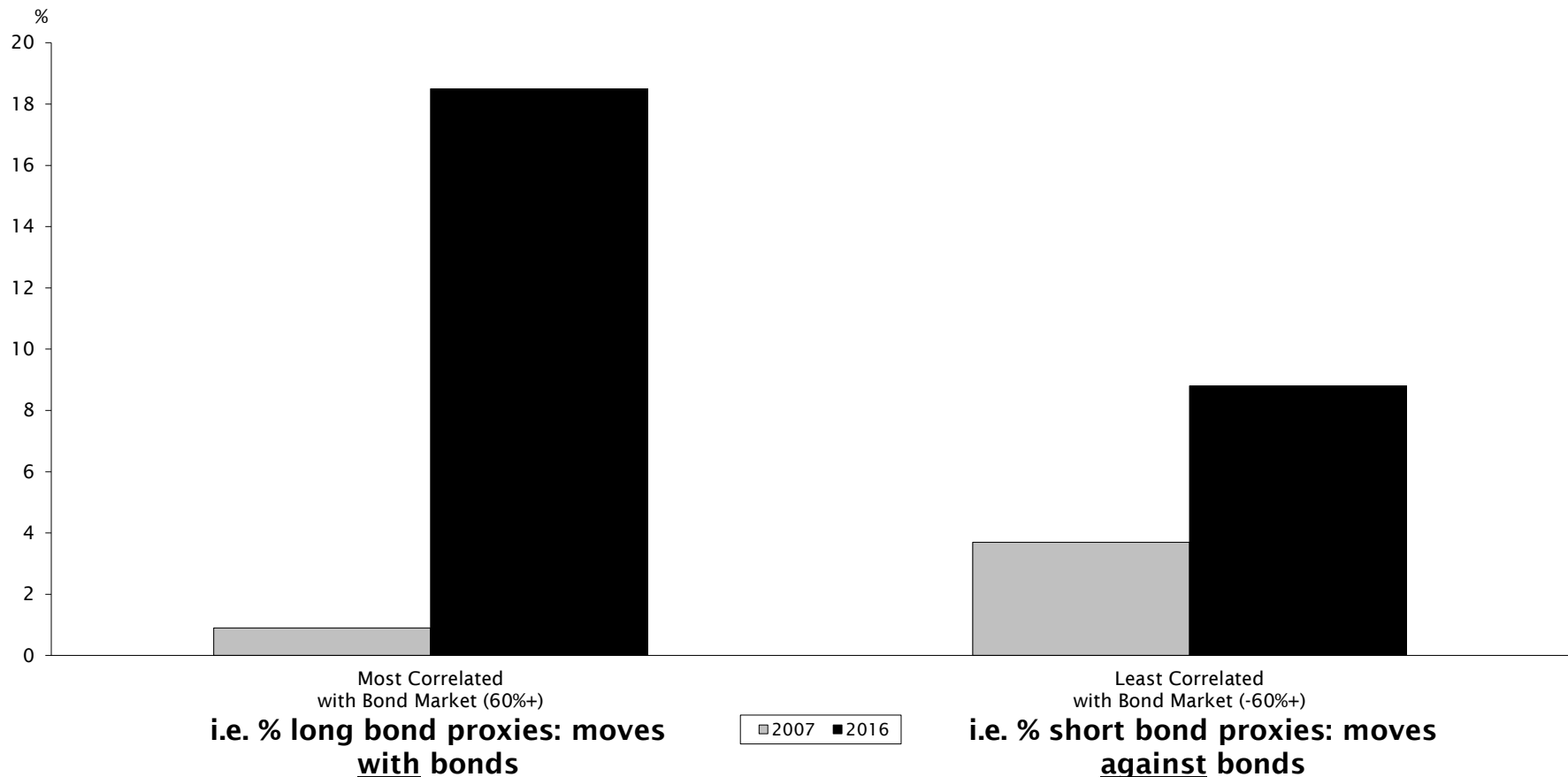
September, 2016



Bond Proxies: Many US Large Cap Stocks Now Move With Bonds

US Large Caps: % Long and Short Bond Proxies

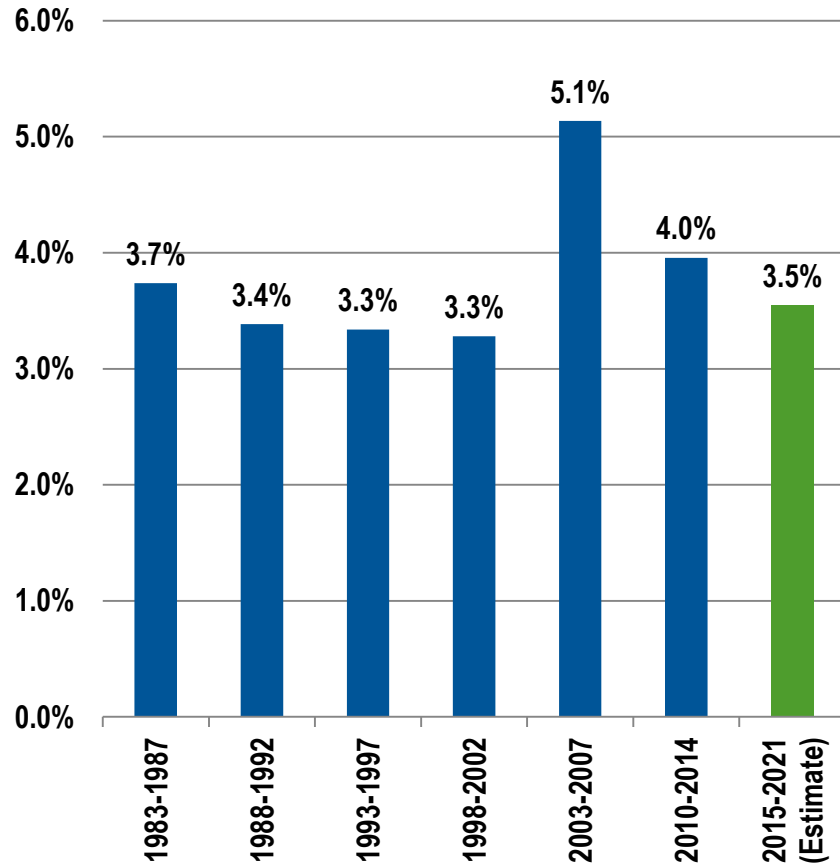
September, 2007 to October, 2016



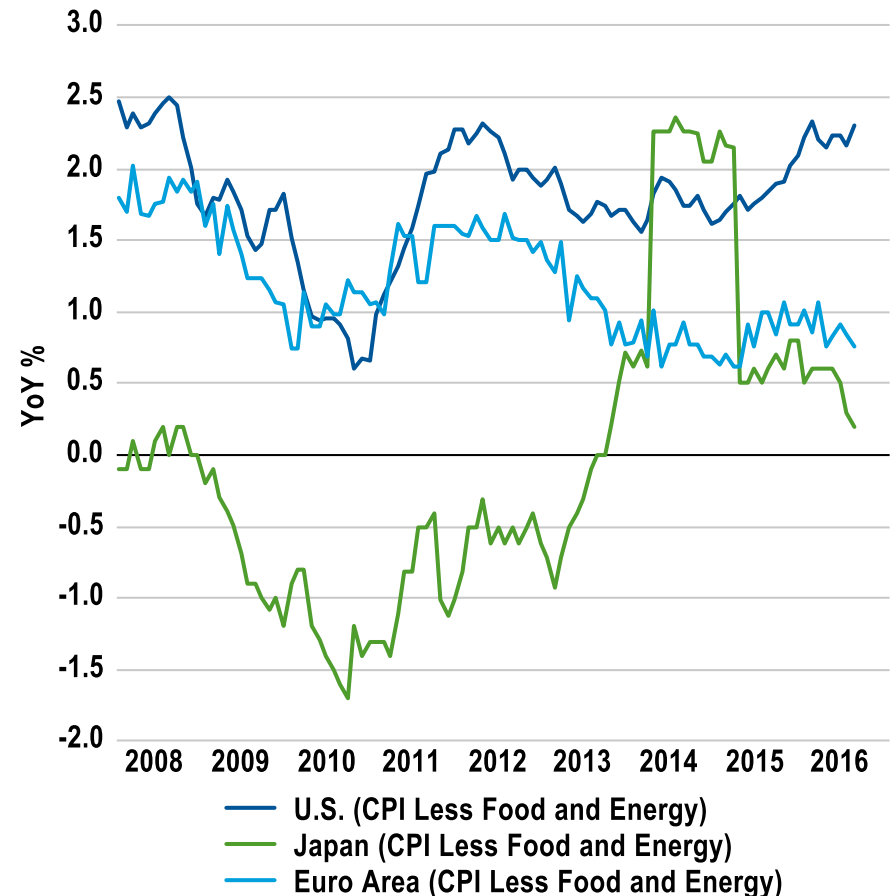
Source: Empirical Partners.

Reflation: Global Growth 'Surprisingly' Stable; Core Inflation On The Rise

Global Average Real GDP Growth¹ 1983 to 2021E



G3 Core Inflation (% YoY)² January, 2008 to August, 2016



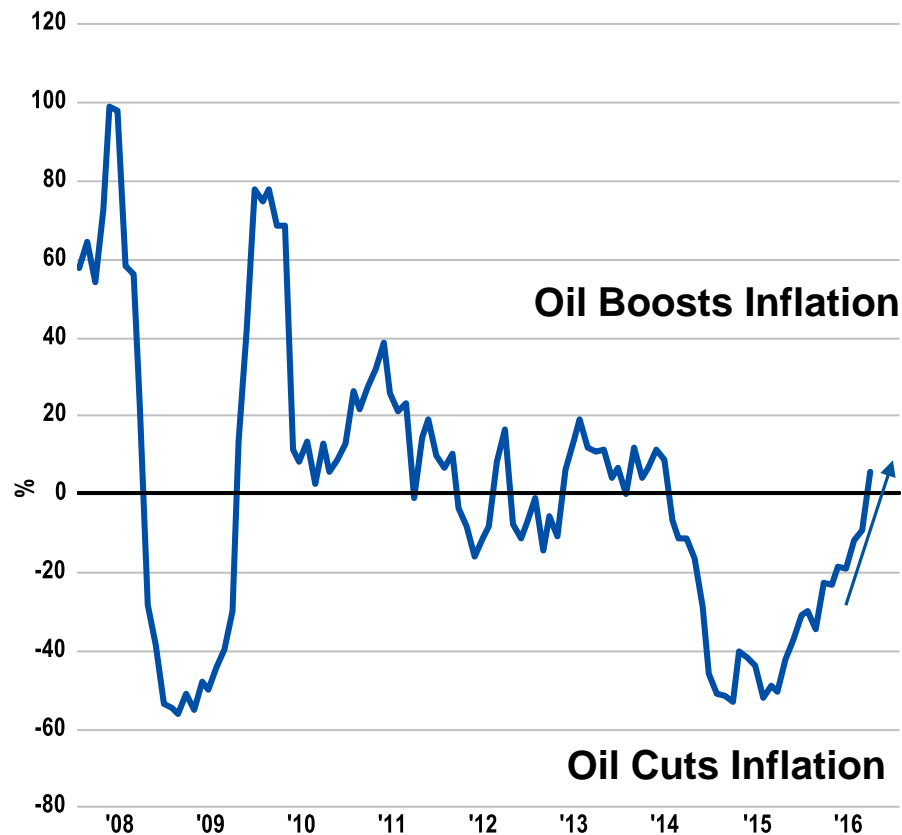
¹Source: IMF.

²Source: US Bureau of Labor Statistics, Eurostat, Statistics Bureau (Japan)

Reflation: Energy About to Boost Headline Inflation

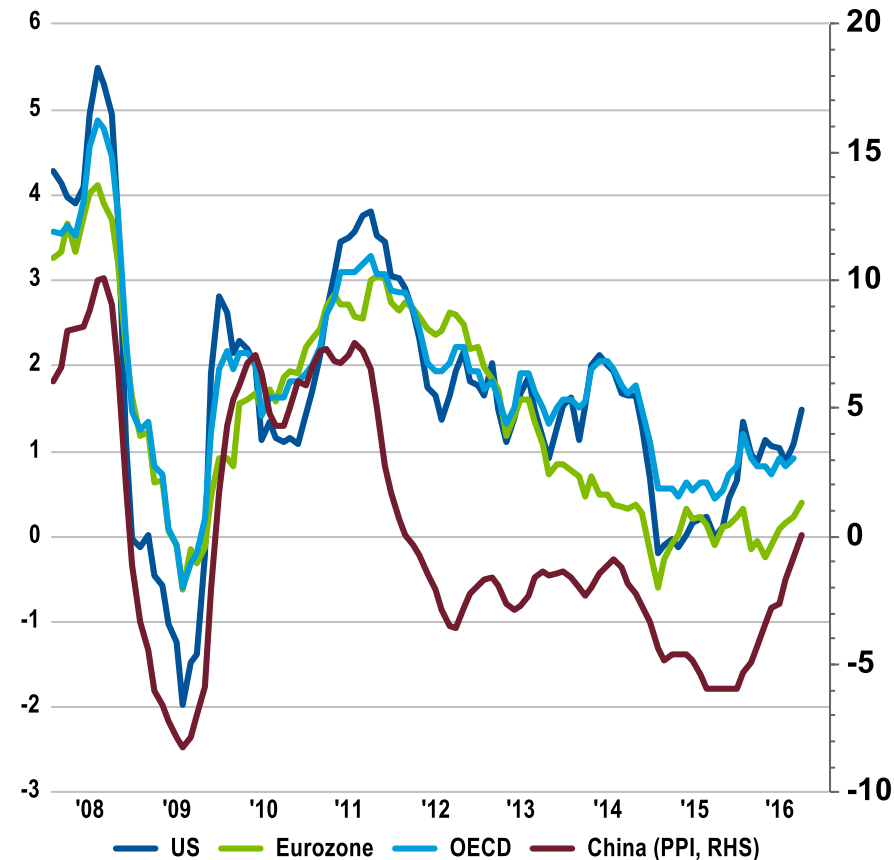
Oil Price Change (% YoY)

January, 2008 to September, 2016



Headline Inflation (% YoY)

January, 2008 to September, 2016

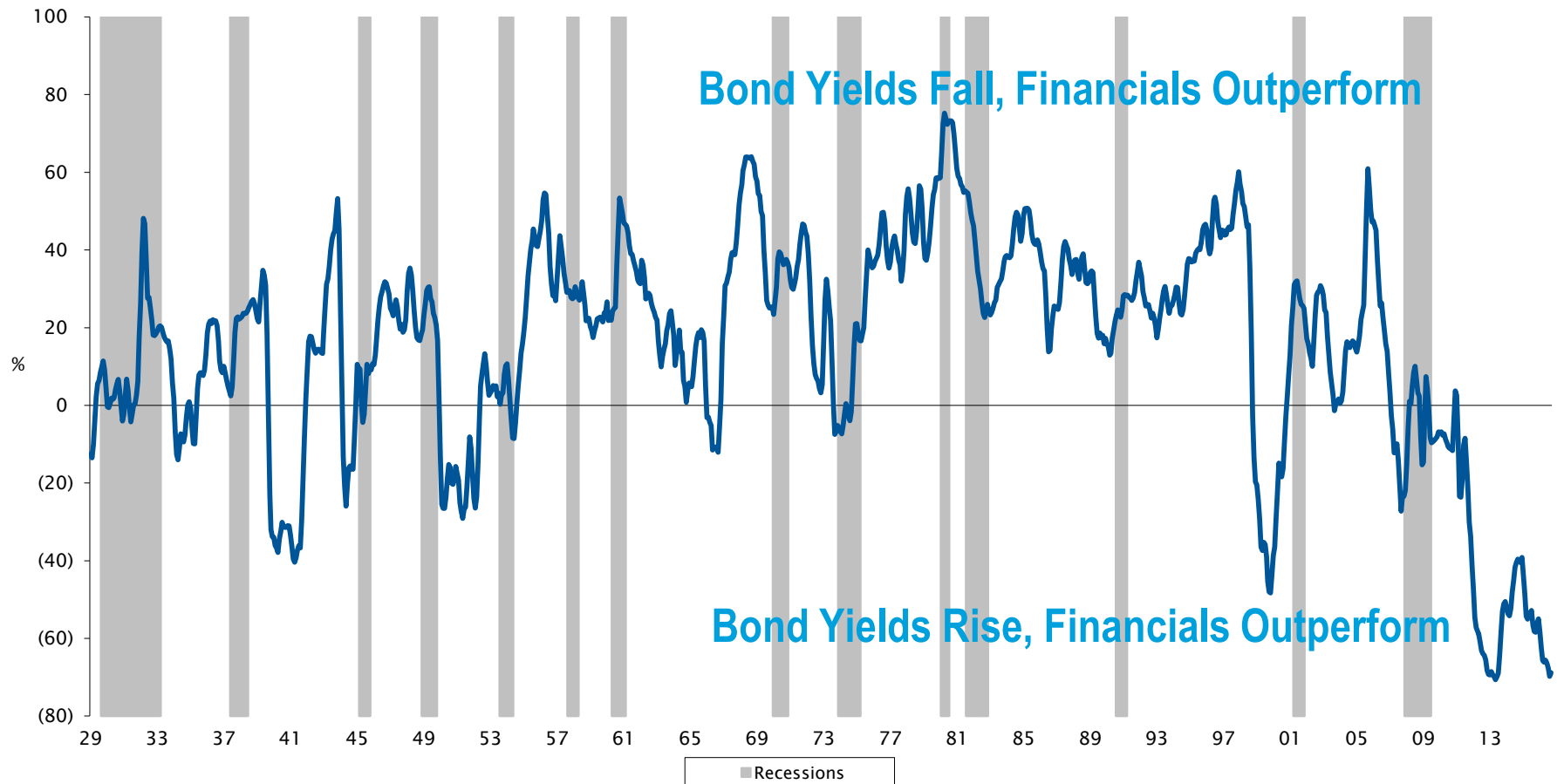


Source: Factset.

Normalisation: Financials Now Outperform When Bond Yields Rise

Large-Cap US Financials vs. 10 Year US Bonds

1929 to September, 2016



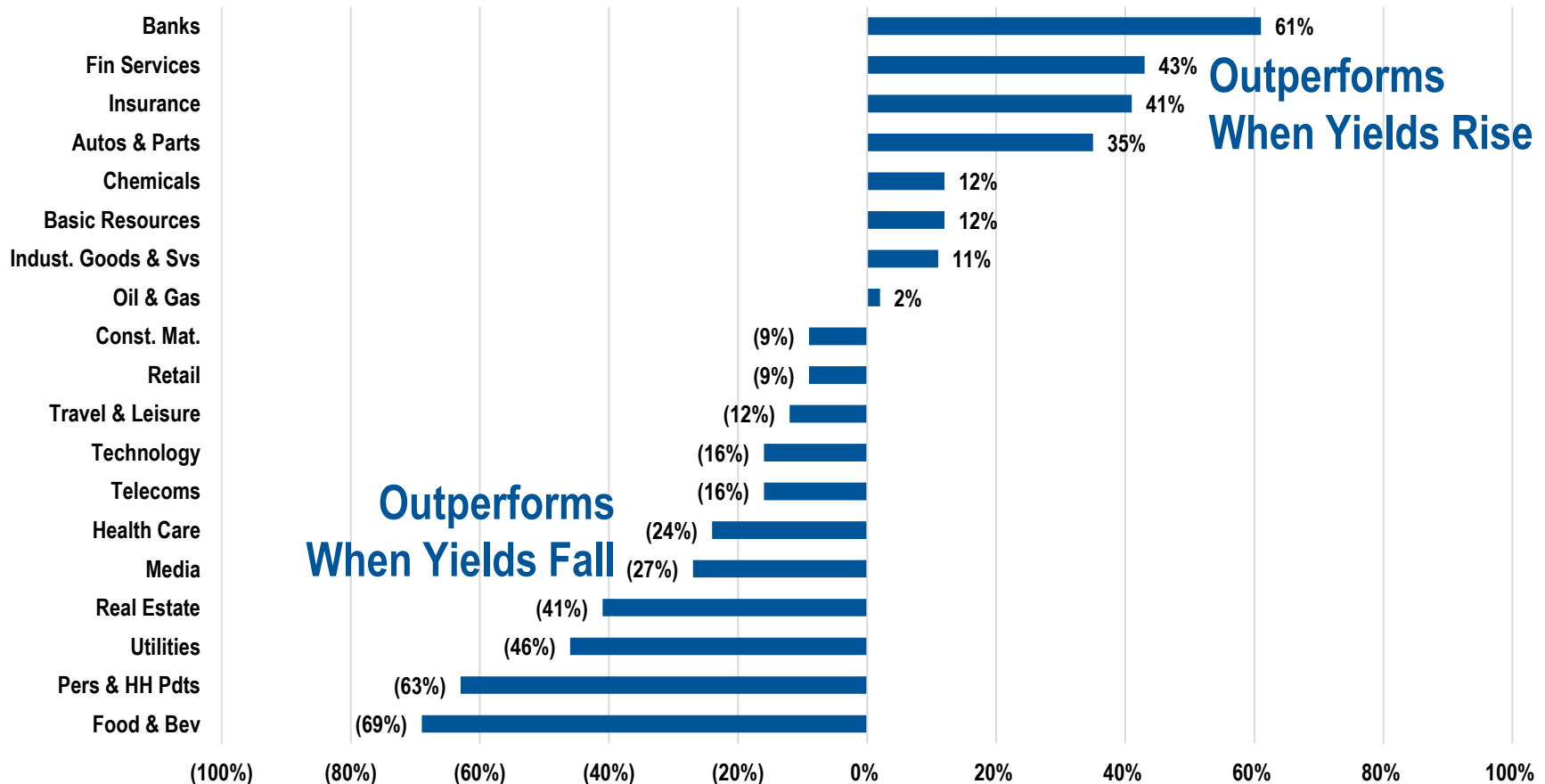
Source: Bloomberg, National Bureau of Economic Research, Empirical Research Partners.

Large-cap US financials: correlation of relative returns with the total return of 10-year US treasury bonds. Constructed using trailing two-year data, capitalisation-weighted returns, smoothed on trailing three month basis. Prior to 1978, long bond return is used.

Normalisation: Where Do We Want To Be?

Sectoral Correlation to US Bond Yields

31st December, 2015 to 23rd October, 2016



Case in Point: Staples vs Financials

Staples

Coca-Cola, Nestle, Unilever

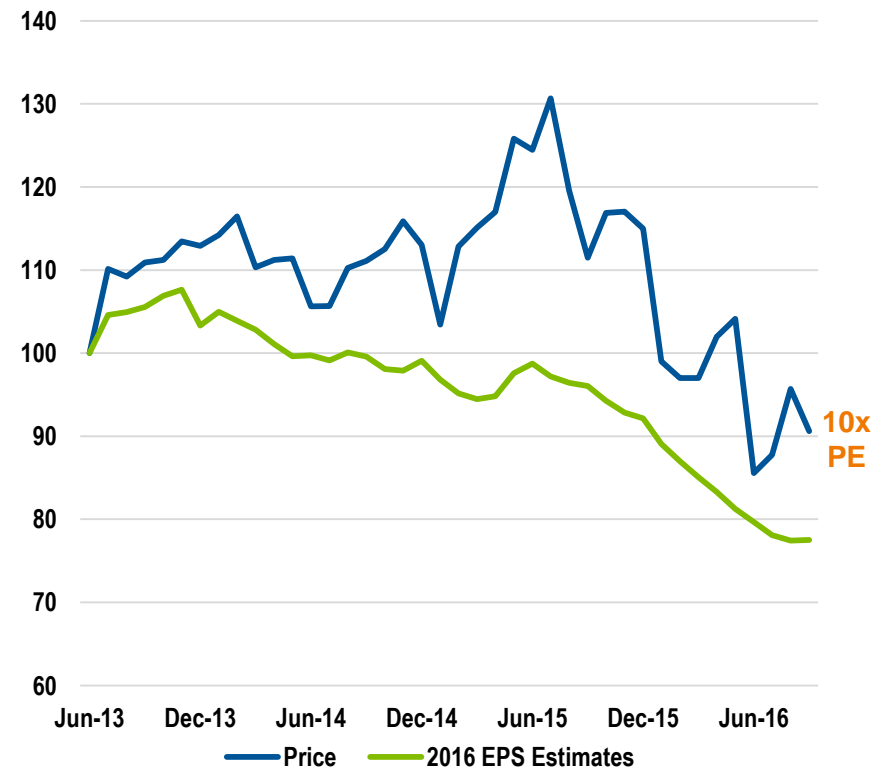
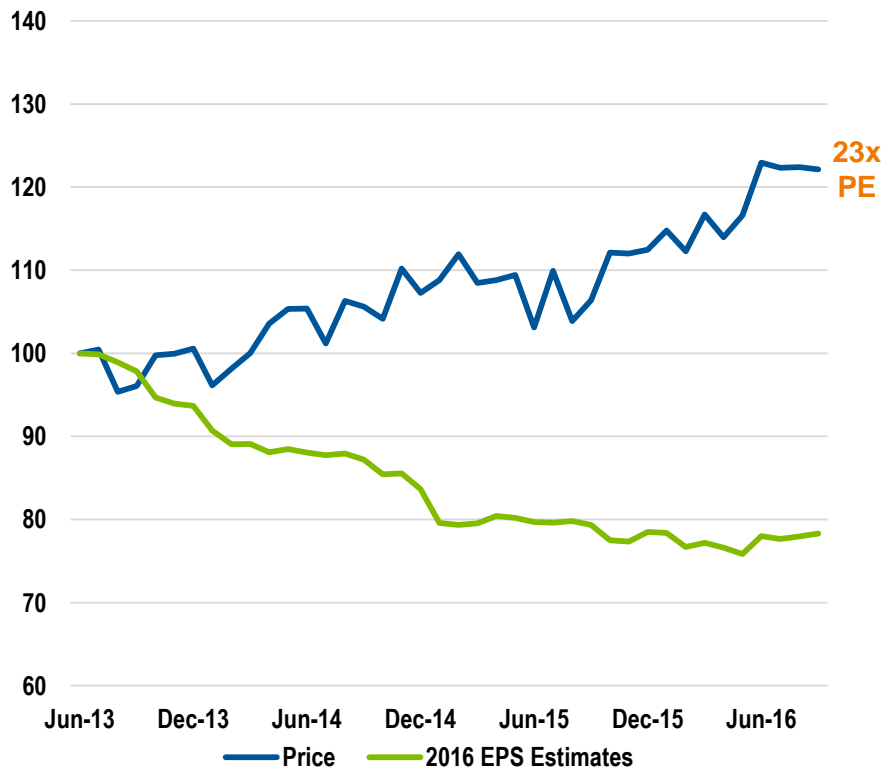
vs

Financials

Citi, UBS, Lloyds

Similar Changes in Expectation, Different Results... Something's Not Right

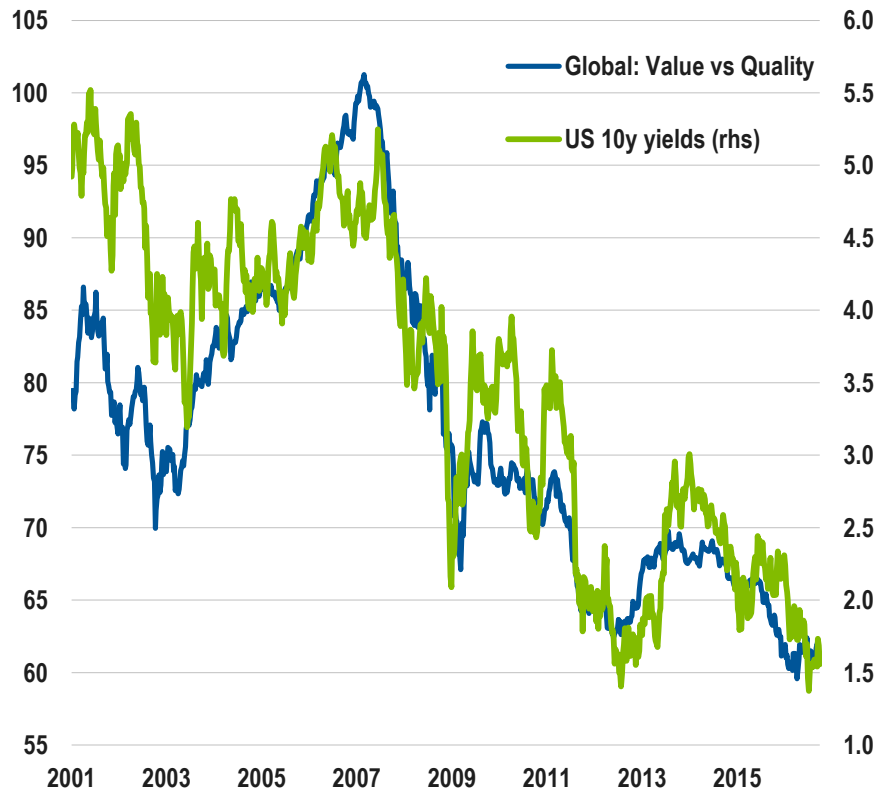
28th June, 2013 to 30th September, 2016



When the Economy Strengthens, Value Stocks Perform Better

Global Value vs. Growth Has Closely Tracked US 10 Year Yields¹

From January 2001 to September 2016



Average Cumulative 3-Year Total Return After Fed Liftoff²

Six Periods From 1974 to 2007

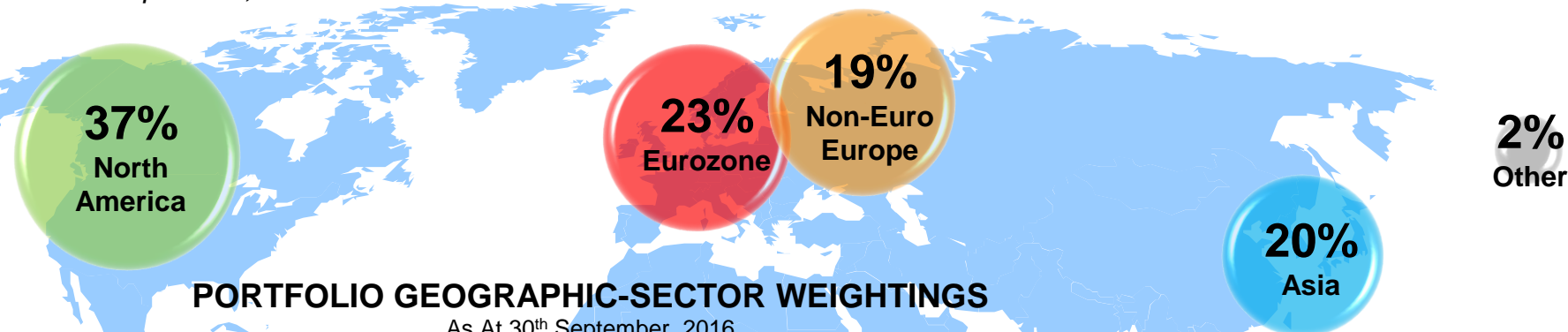


¹ Source: Barclays.

² Source: Calculations by Franklin Templeton Investments using data sourced from FactSet.

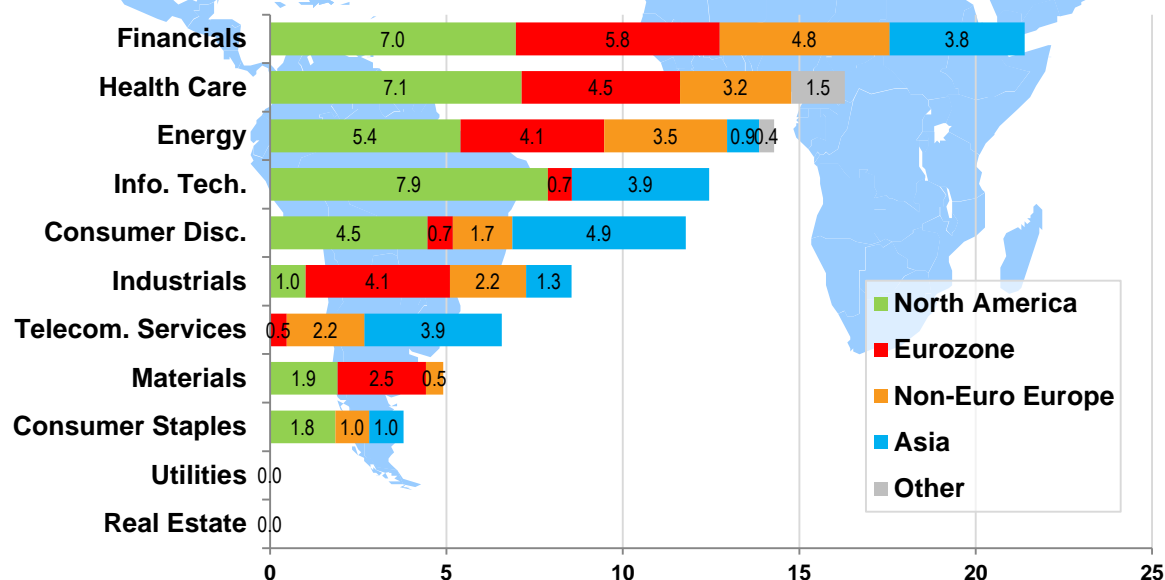
Templeton Global Growth Fund – Weights

As of 30th September, 2016

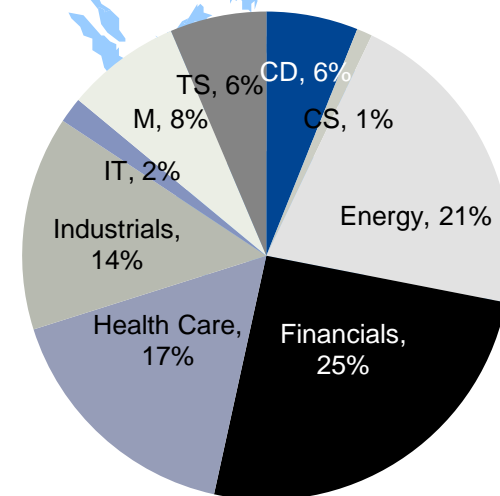


PORTFOLIO GEOGRAPHIC-SECTOR WEIGHTINGS

As At 30th September, 2016



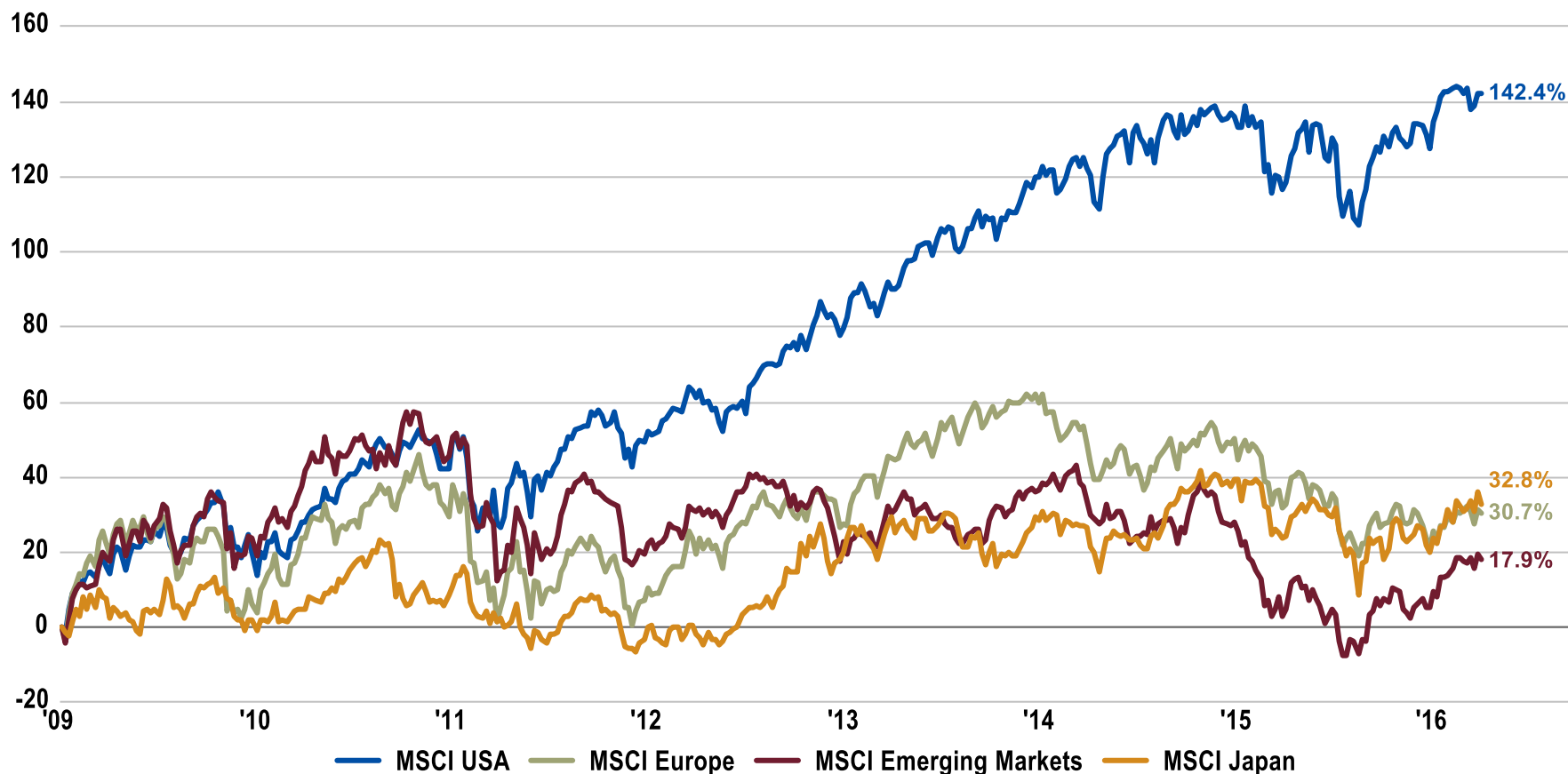
EUROPE SECTOR SPLIT



Weightings as percent of equity. Percentage may not equal 100% due to rounding.

The US Has Clearly Stood Out in the Last 7 Years

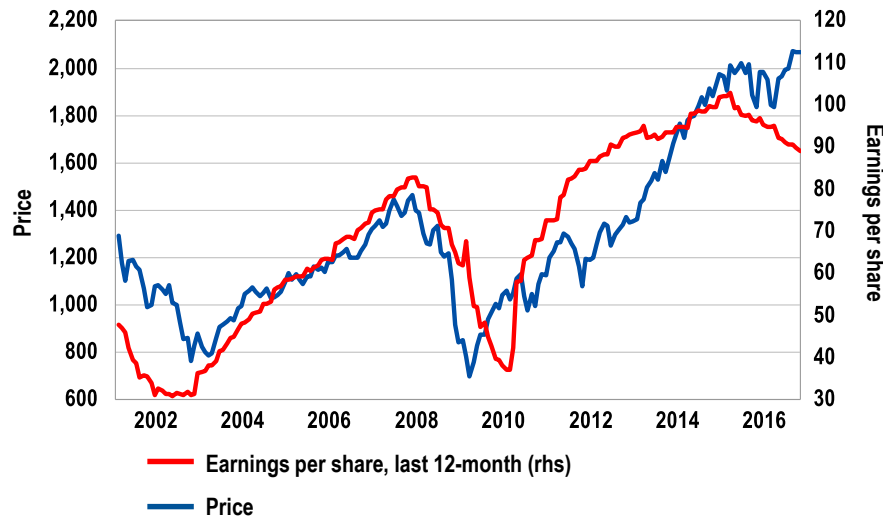
Price Change, USD
30th June, 2009 to 30th September, 2016



Regional Differences in Earnings Cycles and Valuations

U.S. Earnings Peaking? MSCI USA

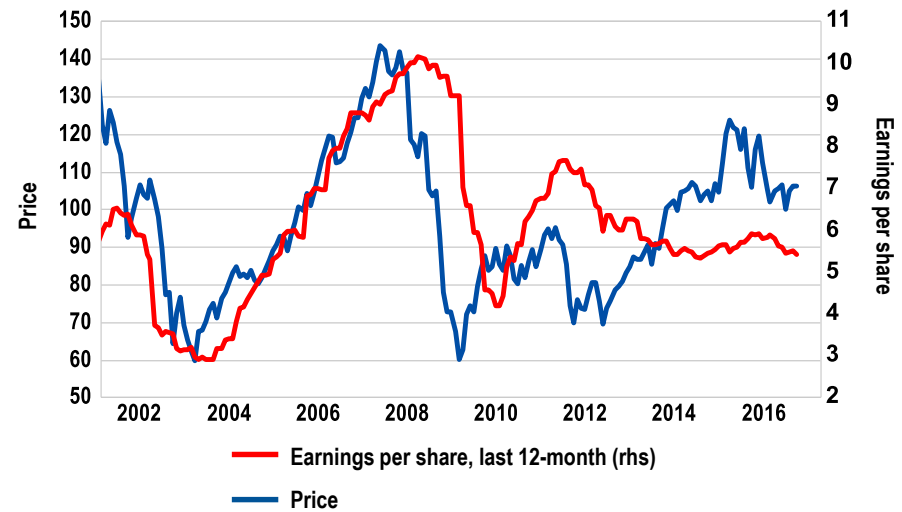
31st January, 2001 to 30th September, 2016



	Current (September 30, 2016)	Long Term Average (Since Jan. 1980)
P/TE	19.4x	18.0x
P/B	2.9x	2.6x
Earning Trend	Rising	
Opportunities	Some	

Eurozone Earnings Poised to Rise MSCI EMU

31st January, 2001 to 30th September, 2016

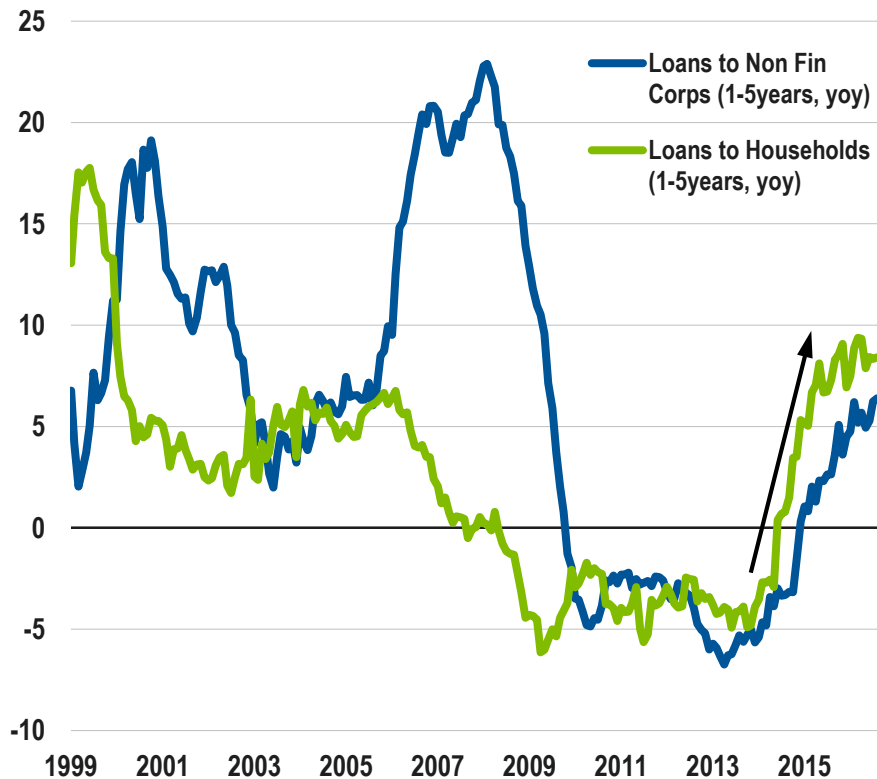


	Current (September 30, 2016)	Long Term Average (Since Apr. 1998)
P/TE	12.3x	17.9x
P/B	1.5x	2.0x
Earning Trend	Poised to Rise	
Opportunities	Many	

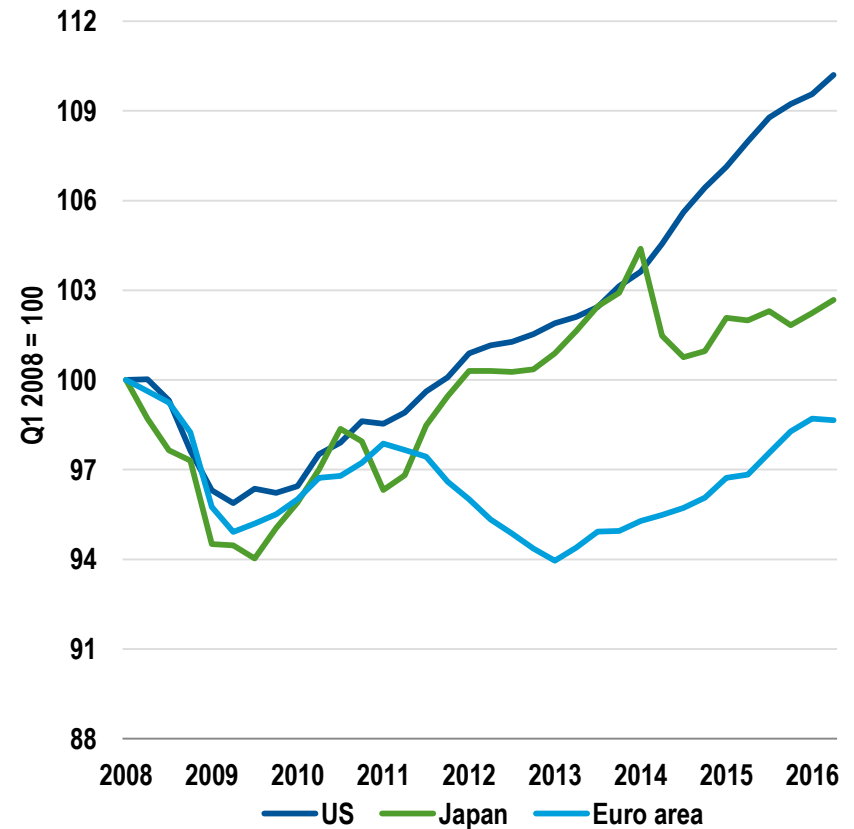
Source: FactSet, MSCI. US is represented by the MSCI USA index. Eurozone is represented by the MSCI European Monetary Union (EMU) index. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Important data provider notices and terms available at www.franklintempletondatasources.com

The European Economy is Gaining Traction

European Bank Loans¹
January 1999 to August 2016



European Domestic Demand²
February 2008 to May 2016



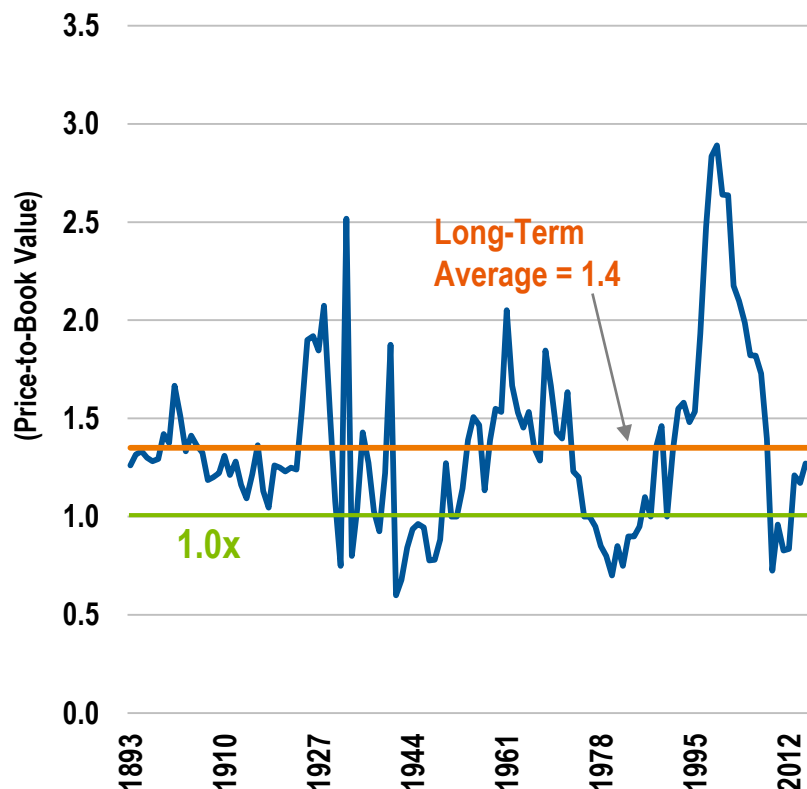
¹ Source: Barclays Research, DataStream, MSCI. Latest data as of October 03, 2016.

² Source: Eurostat, Japan Cabinet Office, OECD, SG Cross Asset Research/Economics. Latest data as of October 03, 2016.

U.S. Banks are Below Long-Term Average Valuations While Euro Banks are Even More Discounted

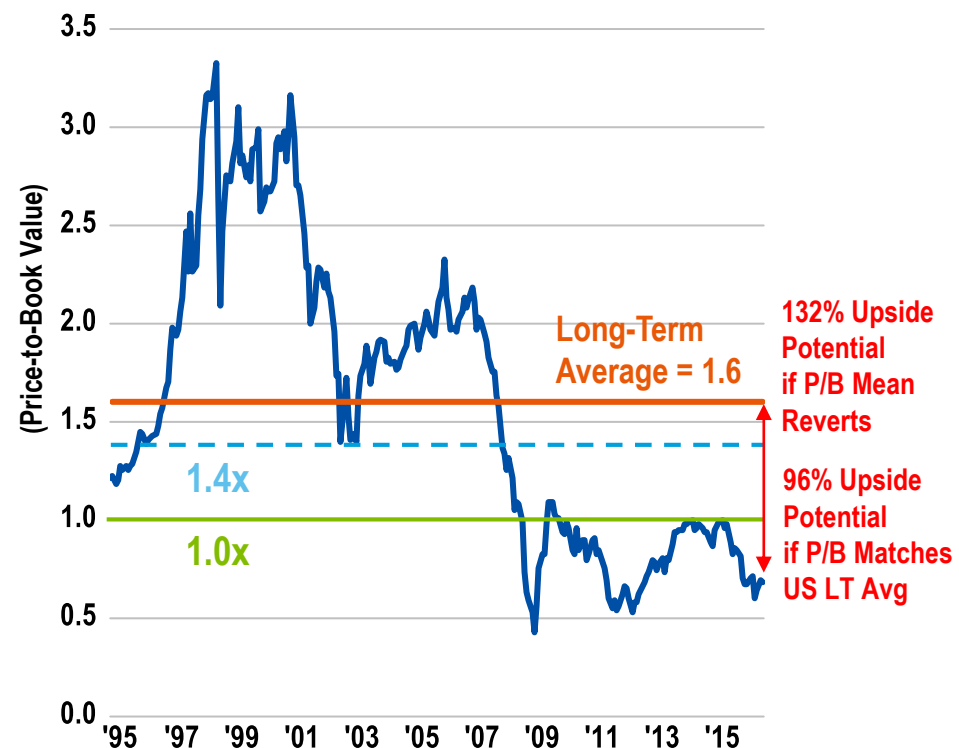
U.S. Banks Price-to-Book Value¹

As of 03rd October, 2016



European Banks Price-to-Book Value²

31st January, 1995 to 30th September, 2016

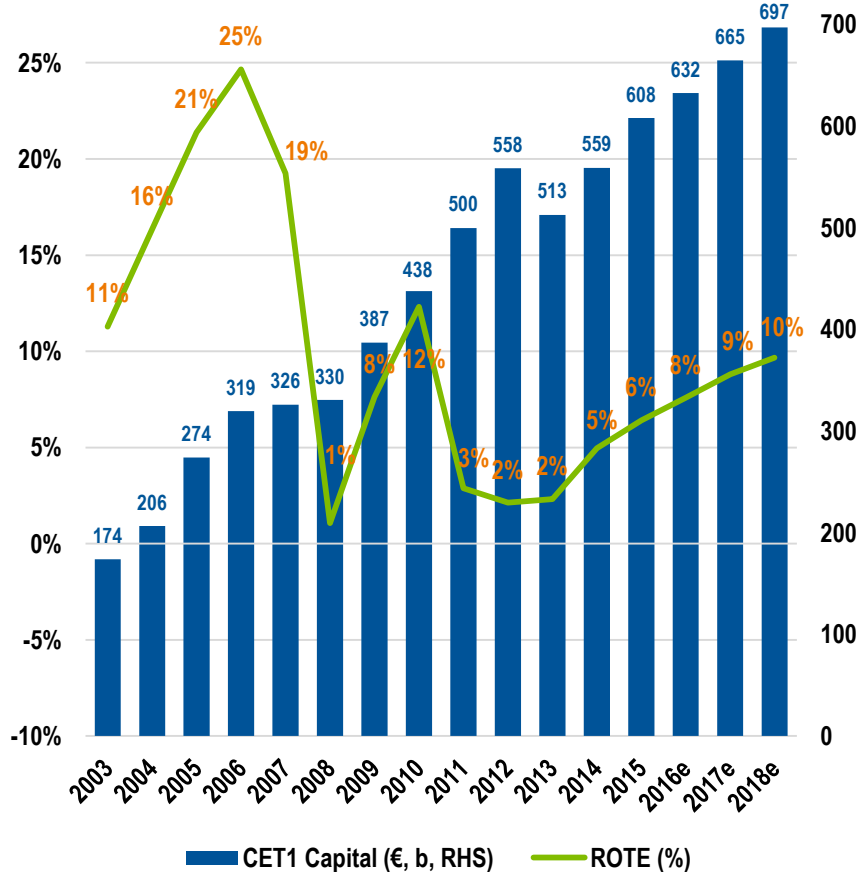


¹ Source: Anthony Saunders & Berry Wilson, Impact of consolidation and safety net support on Canadian, US and UK banks, 1892-1992 (1999). Michael Keeley, Deposit Insurance, Risk and Market Power in Banking (1990). FDIC – History of the 1980s. Datastream, SNL. Autonomous Research. * ignores war years, and one-off years at below 1xBV.

² Source: FactSet, MSCI. Data from January 31, 1995 to September 30, 2016. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Important data provider notices and terms available at www.franklintempletondatasources.com

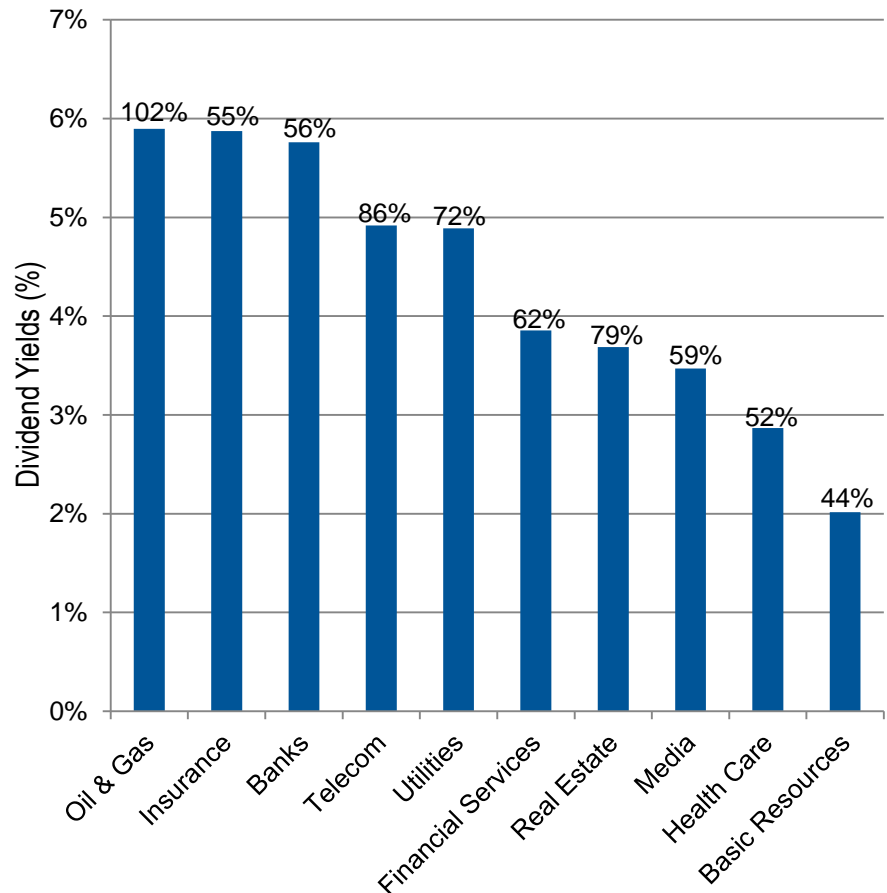
Capital Much Higher, Dividends To Flow?

Tangible Equity and Returns Are Higher¹ 2003 to 2018 Estimates



European Dividend Yields & Payout Ratios²

Next 12 Months Consensus



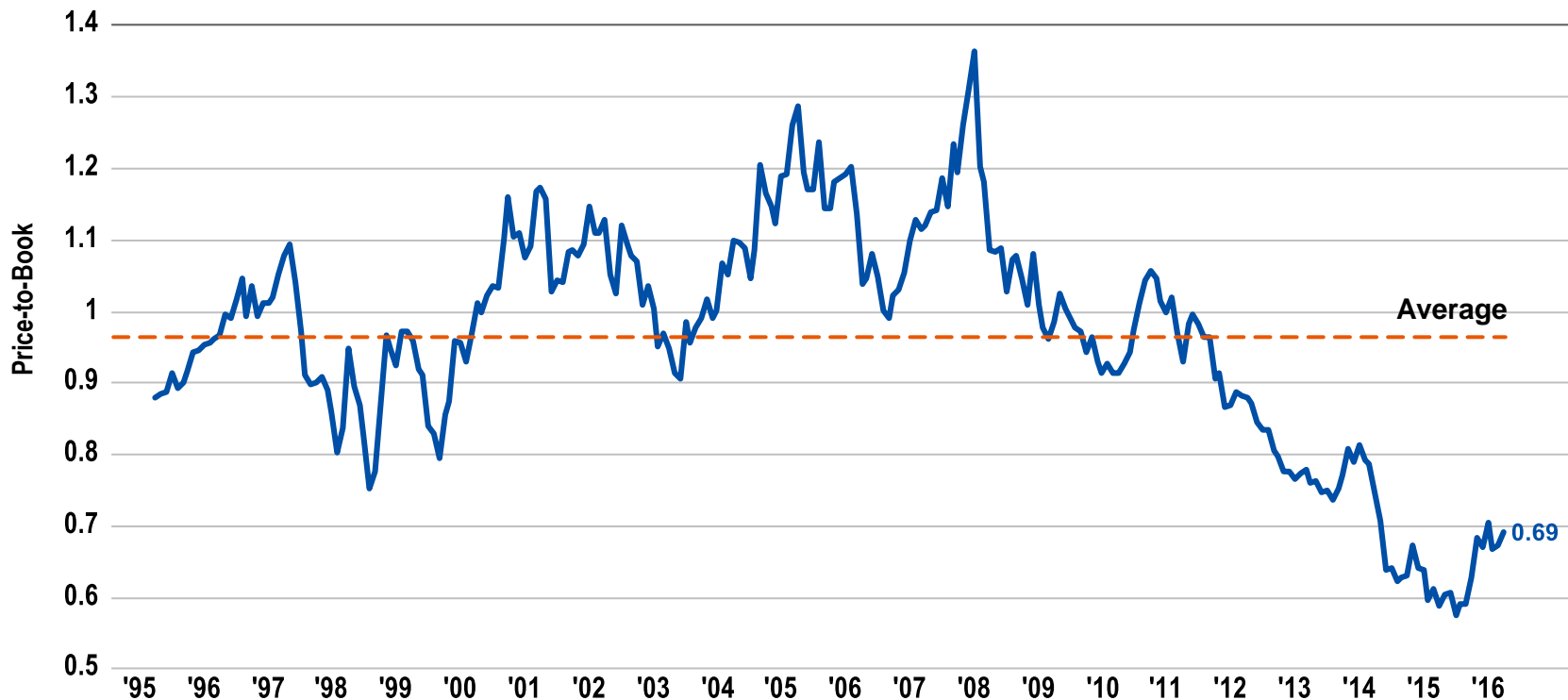
¹Source: Barclays Research. European Banks ex-UK. Data as at 27th July, 2016.

²Source: STOXX, FactSet. Data as at 28th July, 2016.

Energy: Full of Opportunity

MSCI All Country World Energy Index Relative Price-to-Book

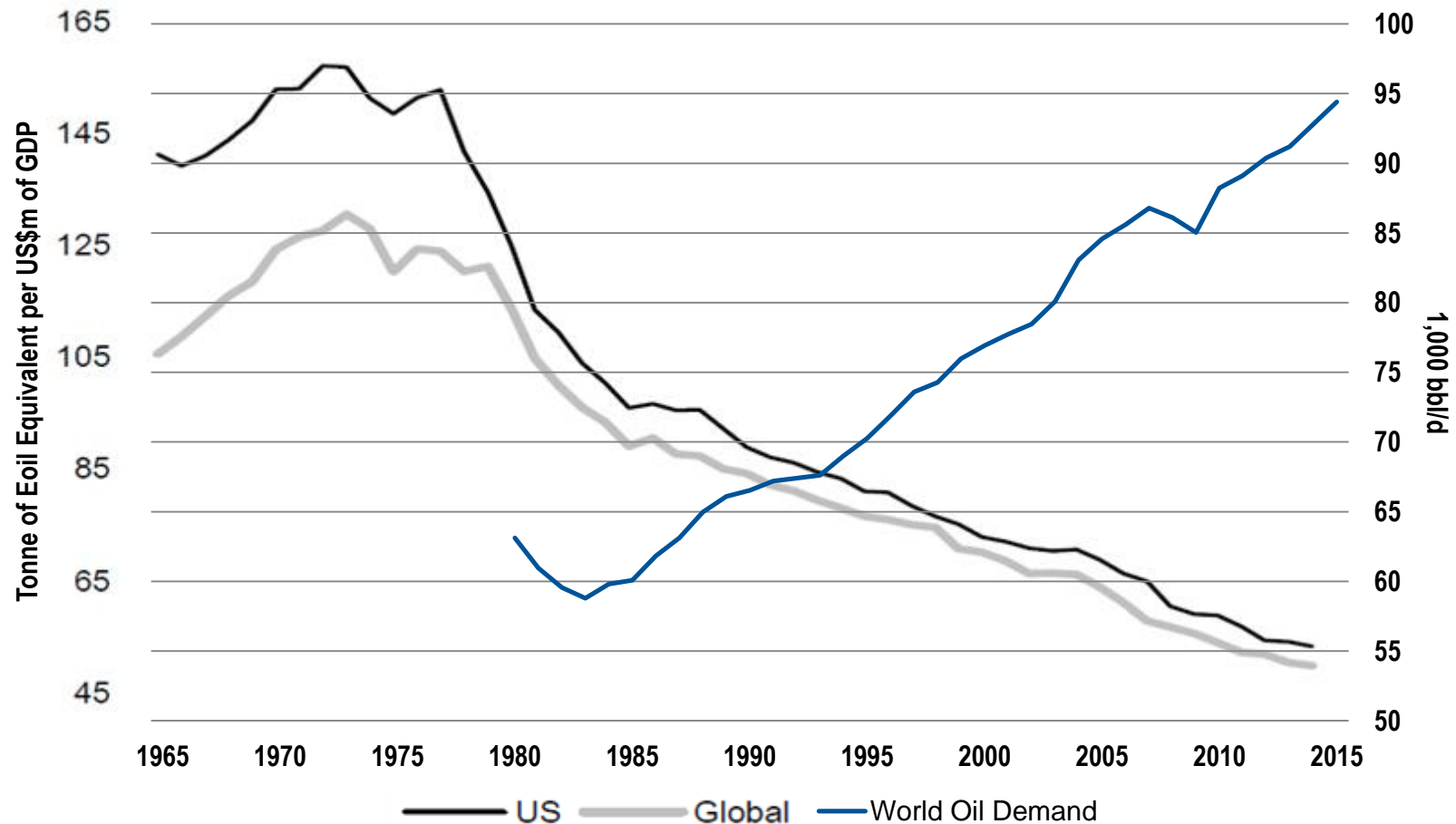
29th September, 1995 to 30th September, 2016



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Oil Intensity Has Been Falling For 40 Years

Oil Intensity vs. Demand
1965 to 2015

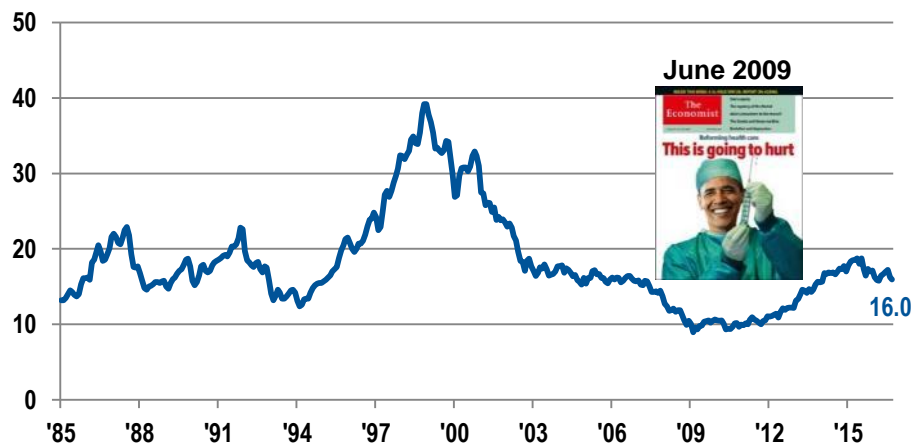


Source: Thomson Reuters, Credit Suisse.

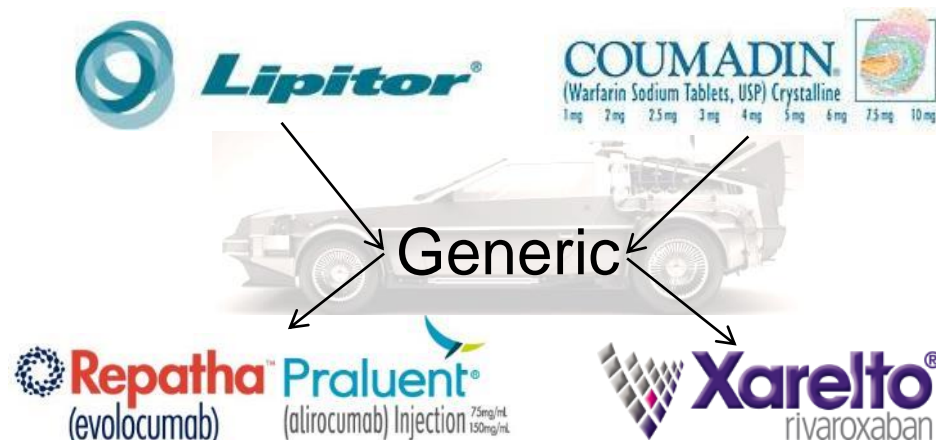
Pharmaceuticals: On Their Way Back to Growth?

Major World Pharmaceuticals: Forward P/E¹

31st January, 1985 to 30th September, 2016

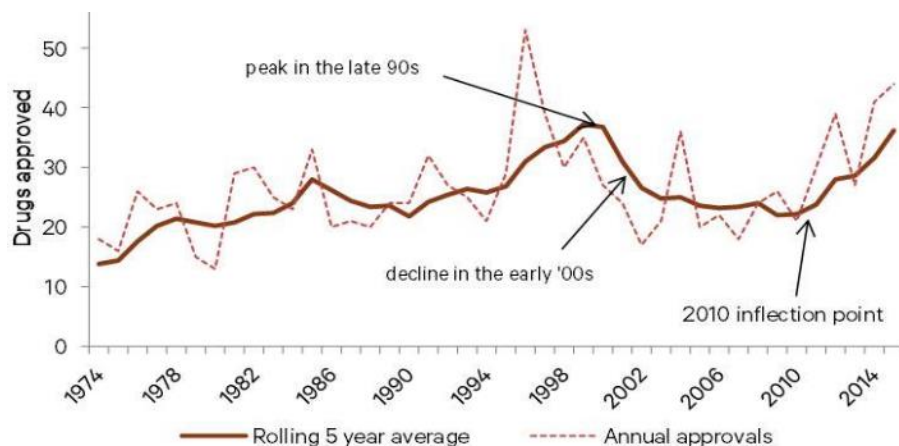


Back To The Future: Pharma Style

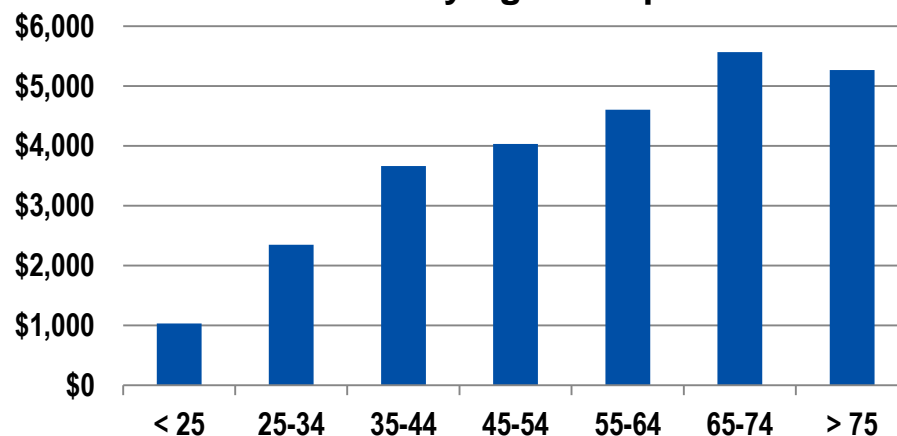


US FDA Approvals²

1974 to 2015



US Mean Annual Health Care Expenditure Per Person by Age Group³



Cloud: Same Theme, Better Value



2.8% of TGG 30th Sept, 2016

EV/Sales	4.6x
EV/EBITDA	14.3x
P/E (FY1)	19.9x



1.6% of TGG 30th Sept, 2016

EV/Sales	5.9x
EV/EBITDA	18.2x
P/E (FY1)	23.5x



1.5% of TGG 30th Sept, 2016

EV/Sales	1.9x
EV/EBITDA	6.8x
P/E (FY1)	7.3x



1.3% of TGG 30th Sept, 2016

EV/Sales	1.0x
EV/EBITDA	3.6x
P/E (FY1)	14.2x

versus



0.0% of TGG 30th Sept, 2016

EV/Sales	3.3x
EV/EBITDA	38.0x
P/E (FY1)	142.1x



0.0% of TGG 30th Sept, 2016

EV/Sales	6.7x
EV/EBITDA	47.7x
P/E (FY1)	75.3x

Japanese Telco/Internet Co

Initial Analysis and Thesis

Attractive Valuation

- Opportunity to invest in the growth of Yahoo! Japan and Alibaba, the recovery of Sprint and in the relatively stable Japanese telecom business.
- Significant discount to the sum of the parts valuation

SoftBank Is Not Sprint

- Momentum driven market: Softbank's share price has recently tracked Sprint's, despite representing less than 10% of SoftBank's value.

Sum of the Parts Valuation	Value per share
<i>Rest of Softbank (Telco)</i>	¥6,520
<i>Yahoo! Japan</i>	¥991
<i>Sprint</i>	¥1,033
Total ex Alibaba	¥8,544
<i>Alibaba (\$76 per share)</i>	¥5,331
Total	¥13,874
<i>Discount (at ¥6,206)</i>	55%

Risks

- Deterioration in the profitability of the Japanese telecom business
- Sprint (US telecom business) does not turn around
- Governance and capital management

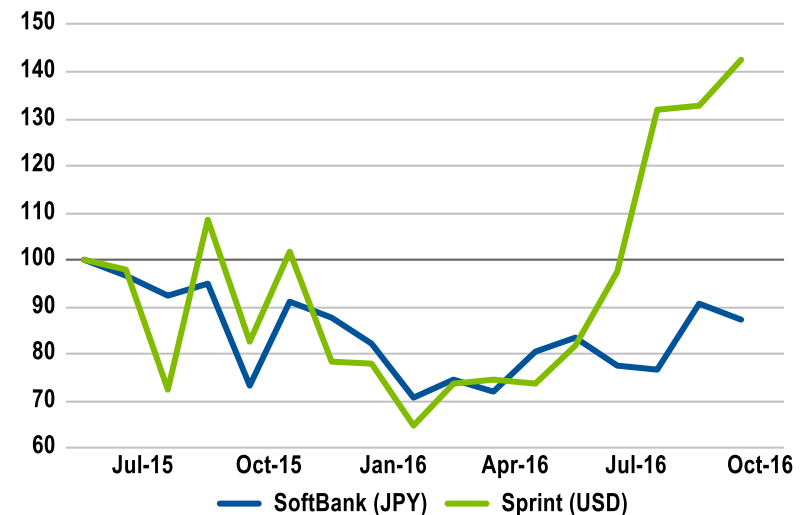
Current Financials/Valuation

Still Trades at a Significant Discount

- Currently trades at 7x FY1 P/E, which includes losses from Sprint.
- At current prices, we are essentially getting Softbank-ex-Alibaba at a 27% discount AND getting Alibaba for free.

Price Change, Indexed

May, 2015 to September, 2016



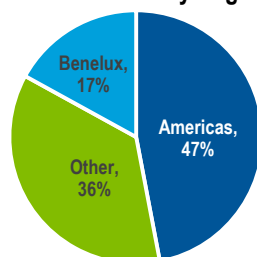
US/European Building Materials

Initial Analysis and Thesis

Attractive Valuation

- Cyclical company, with shares under pressure over worries on exposure to US construction
- Attractive mid-2011 on normalised P/E, combined with a 4.5% dividend yield, and 1x P/B

2011 Revenues by Region



Solid Business

- Industry leader in taking out costs (management strength), one of the best balance sheets in the sector and attractive

Risks

- Republican victory (2012 presidential cycle)
- Delayed US recovery

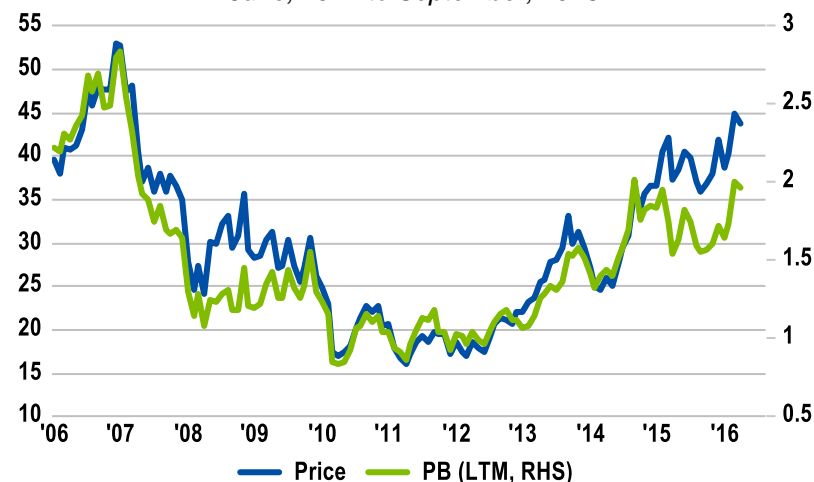
Current Financials/Valuation

Trades at Fair Value

- Cycle has turned and we are now fully in the middle of an upcycle
- US demand robust, Europe showing signs of recovery
- Trades at 2x P/B, higher than 10-year average

CRH: Returns and Valuation

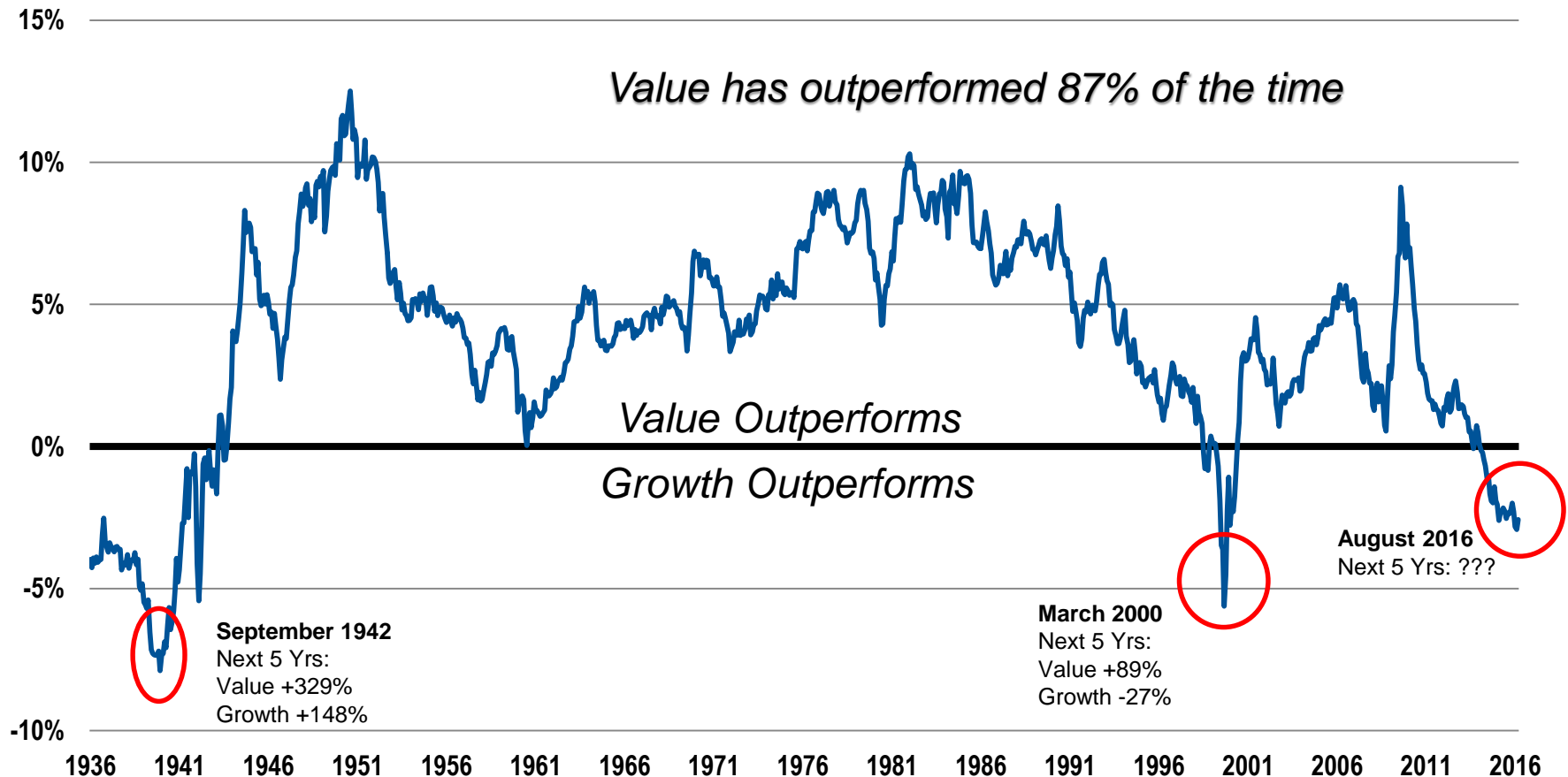
June, 2011 to September, 2016



Long Term Value Performs

Value vs. Growth: Excess Return, 10 Year CAGR

July, 1936 to August, 2016



Source: Eugene Fama & Kenneth French. Templeton Global Research Library.

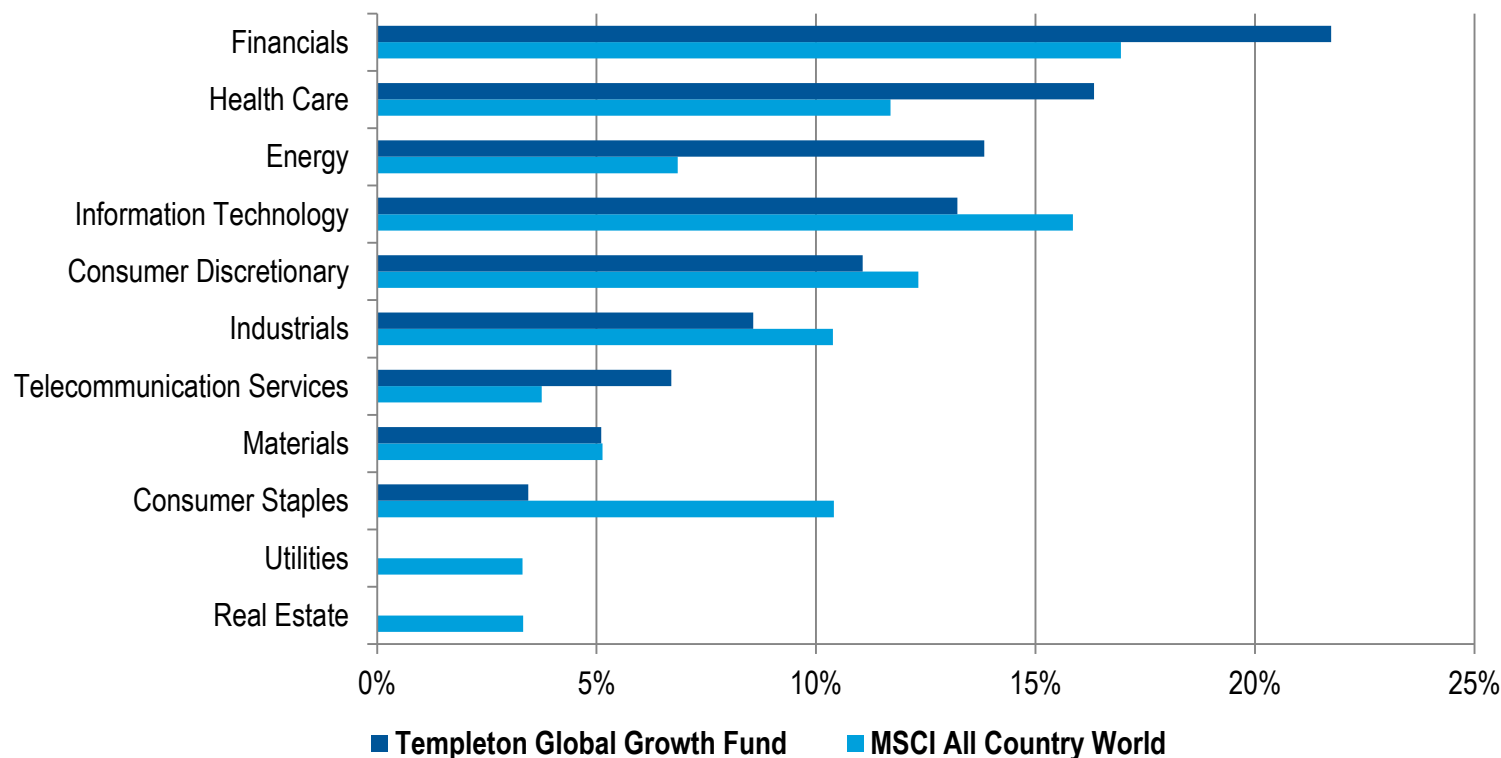
Templeton Global Growth Fund

Sector Allocation



Templeton Global Growth Fund vs. MSCI All Country World Index

As at 30th September, 2016



Source: © 2016 Morgan Stanley Capital Index (MSCI). All MSCI data is provided "as is." The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited. Indexes are unmanaged and one cannot invest directly in an index.

Weightings as percent of equity. Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

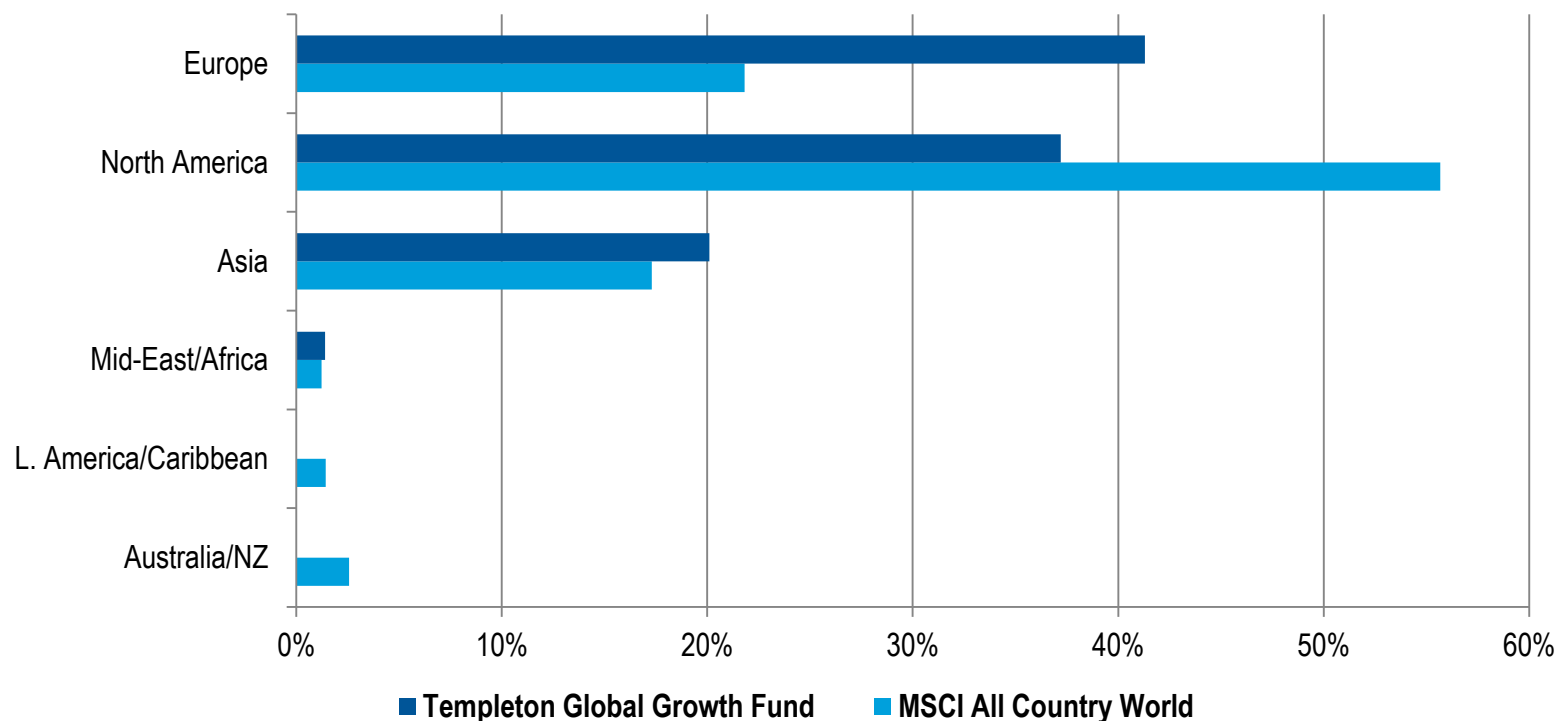
Templeton Global Growth Fund

Geographic Allocation



Templeton Global Growth Fund vs. MSCI All Country World Index

As at 30th September, 2016



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Weightings as percent of equity. Percentage may not equal 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Templeton Global Growth Fund

Portfolio Characteristics



Templeton Global Growth Fund vs. MSCI All Country World Index

As at 30th September, 2016

	Portfolio	Benchmark
Price to Earnings	15.1x	20.5x
Price to Cash Flow	5.4x	11.4x
Price to Book Value	1.3x	2.1x
Dividend Yield	2.9%	2.6%

For the Fund, the Price to Earnings, Price to Cash Flow, and Price to Book Value calculations for the weighted average use harmonic means. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. Yields above 100% are also excluded. For the benchmark, no limits are applied to these ratios in keeping with MSCI's calculation methodology. Due to data limitations, all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the Fund's reported characteristics and the Fund's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they feel is most appropriate at the time of purchase. **Please note: The dividend yield quoted here should not be used as an indication of the income to be received from this fund.**

Index statistics calculated by FactSet Research Systems, Inc.

Source: Franklin Templeton Investments.

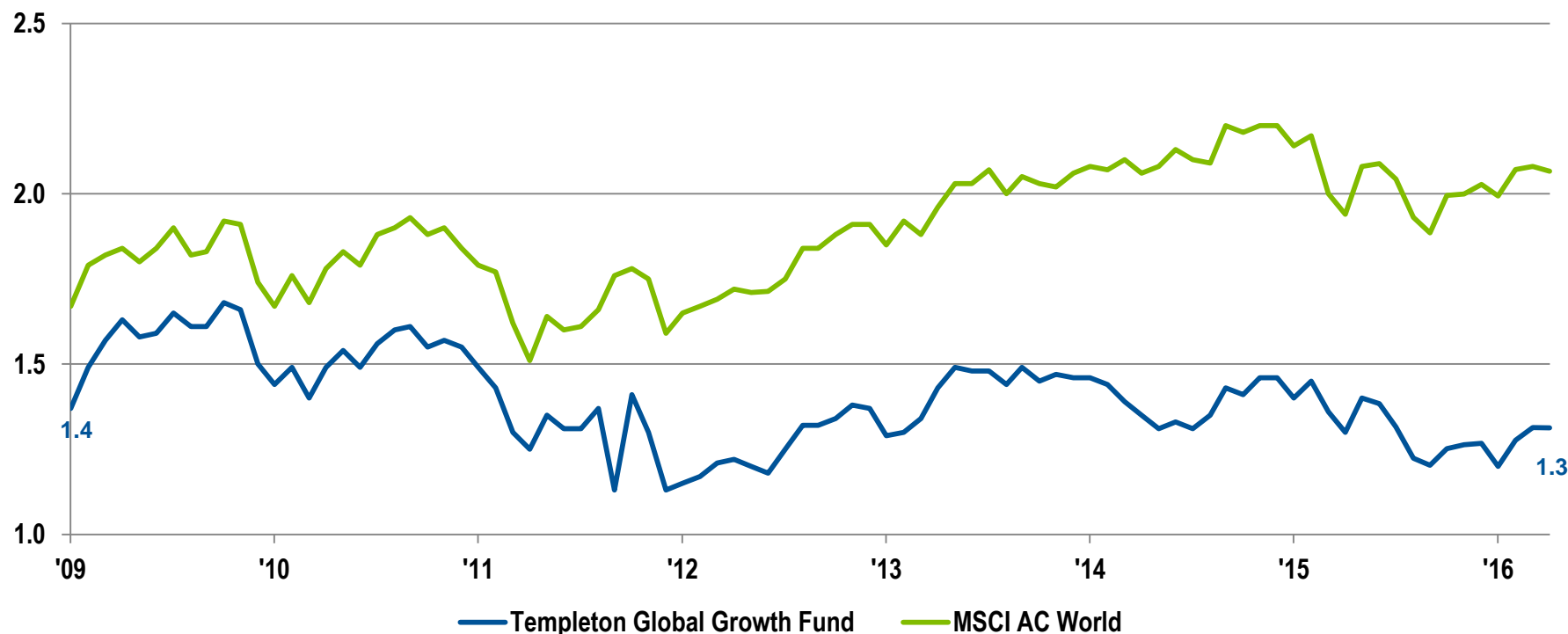
Templeton Global Growth Fund

Portfolio Characteristics



Templeton Global Growth Fund vs. MSCI All Country World Index Price to Book Ratio

30th June, 2009 to 30th September, 2016



The benchmark is the MSCI All Country World ex Australia Index Net Dividends Reinvested (AUD) Index.

The portfolio characteristics listed are based on the Fund's underlying holdings, and do not necessarily reflect the Fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Source: FactSet. For the portfolio, the Price to Book Value calculations use harmonic means for the weighted average. Values less than 0.01 (i.e., negative values) are excluded and values in excess of 200x are capped at 200x. For the benchmark, no limits are applied to these ratios in keeping with the benchmark's calculation methodology.

Templeton Global Growth Fund

Top Ten Holdings



As at 30th September, 2016

Name of Issuer	Country	Industry	% of Total
MICROSOFT CORP	United States	Software & Services	2.8
SAMSUNG ELECTRONICS CO	South Korea	Technology Hardware & Equipment	2.7
BP PLC	United Kingdom	Energy	1.9
ROYAL DUTCH SHELL PLC	United Kingdom	Energy	1.9
JPMORGAN CHASE & CO	United States	Banks	1.8
HYUNDAI MOBIS CO LTD	South Korea	Automobiles & Components	1.8
NISSAN MOTOR CO LTD	Japan	Automobiles & Components	1.7
AMGEN INC	United States	Pharmaceuticals, Biotechnology & Life Sciences	1.7
CRH PLC	Ireland	Materials	1.6
COMCAST CORP	United States	Media	1.6
TOTAL			19.7

The Ten Largest Holdings represent the ten largest holdings of the fund as of the date indicated. These securities do not represent all of the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investment in the securities listed was or will be profitable. All portfolio holdings are subject to change. Holdings of the same issuer have been combined.

The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list.

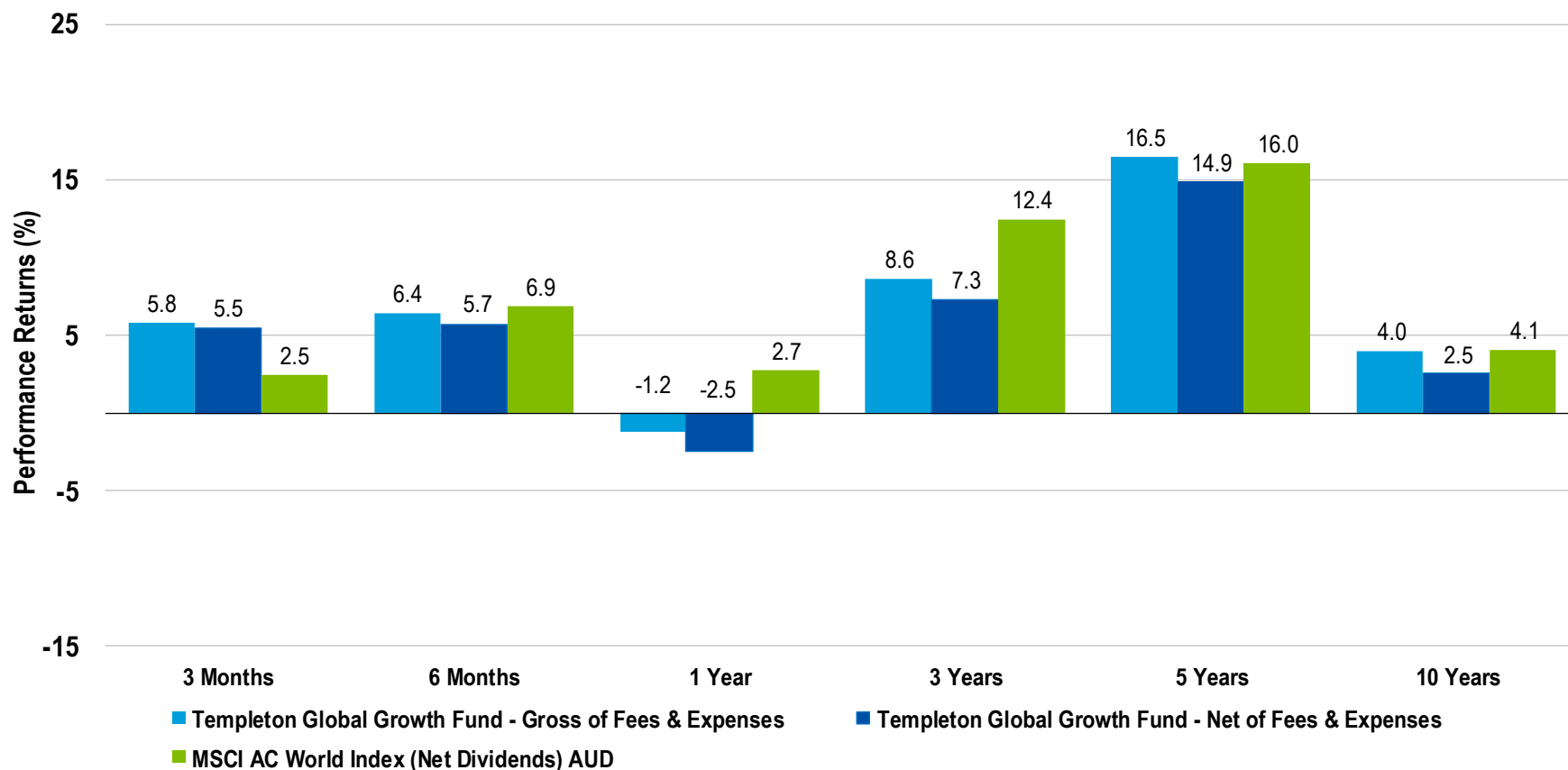
Templeton Global Growth Fund

Performance



Templeton Global Growth Fund vs. MSCI All Country World Index

As at 30th September, 2016



Periods of more than one year are annualised. Benchmark is presented net dividends.
 Past performance does not guarantee future results and results may differ over future time periods.

Templeton Global Growth Fund

Post Script



Templeton Global Growth Fund Performance for Sectors and Major Regions

30th June, 2016 to 31st October, 2016

Sector Returns	TGG (%)	Index (%)
Consumer Discretionary	5.1	2.8
Consumer Staples	(4.5)	(5.8)
Energy	2.1	(1.1)
Financials	16.1	8.7
Health Care	(7.7)	(8.6)
Industrials	11.2	1.5
Information Technology	10.5	10.3
Materials	10.4	7.1
Real Estate	n/a	(5.8)
Telecommunication Services	(0.5)	(7.6)
Utilities	n/a	(6.1)

Major Region Returns	TGG (%)	Index (%)
Asia	9.2	6.9
Europe	5.2	(0.1)
<i>Eurozone</i>	9.1	4.2
<i>Rest of Europe</i>	1.3	(3.6)
North America	3.8	(0.2)

- Interest rates are at 700 year lows
- Bubble in safe assets
- Inflation on the rise
- Looking at opportunities:
 - we remain positive on Europe
 - good value among energy producers and their services partners
 - favour lowly valued pharma/biotech firms with innovative pipelines
 - Select European financials (and those in the Rest of the World) continue to look attractive
- Eventual normalisation of economic and policy trends to be supportive of value-oriented equities after this pronounced period of underperformance

Important Legal Information



All investments involve risks including loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their smaller size and lesser liquidity. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate more dramatically over the short term. The use of derivatives and foreign currency techniques involve special risks, as such techniques may not achieve the anticipated benefits and/or may result in losses. Templeton Global Growth Fund Ltd. (ABN 44 006 558 149) issues this document with the intention to provide general information only and not investment or financial product advice. It does not take into account the individual objectives, financial situation or needs of any recipient. Any views expressed are the views of the fund manager and nothing in this update should be construed as investment advice. You should assess whether the information is appropriate for you and consider obtaining independent taxation, legal, financial or other professional advice before making an investment decision.

Franklin Templeton Investments have exercised professional care and diligence in the collection of information in this recording. However, data from third party sources may have been used in its preparation and Franklin Templeton Investments has not independently verified, validated or audited such data.

Past performance does not guarantee future results and results may differ over future time periods.